

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF NORTH AMERICAN FUR  
PRODUCERS INC., NAFA PROPERTIES INC., 3306319  
NOVA SCOTIA LIMITED, NORTH AMERICAN FUR  
AUCTIONS INC., NAFA PROPERTIES (US) INC., NAFA  
PROPERTIES STOUGHTON LLC, NORTH AMERICAN  
FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN  
LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE  
B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO**

Applicants

**ELEVENTH REPORT OF THE MONITOR**

**DATED JANUARY 18, 2023**

**INTRODUCTION**

1. On October 31, 2019, North American Fur Producers Inc., NAFA Properties Inc., 3306319 Nova Scotia Limited, North American Fur Auctions Inc., NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, North American Fur Auctions (US) Inc. (“**NAFA USA**”), NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-Operatief Ua, NAFA Europe B.V., Daikoku Sp.Z Oo and NAFA Polska Sp. Z Oo (“**NAFA Polska**”) (collectively, the “**Applicants**” or “**NAFA**”) commenced these CCAA Proceedings pursuant to the Initial Order. The Applicants’ principal business consists of advancing loans to mink farmers to produce mink furs for auctions run by the Applicants. For ease of reference and readability, capitalized terms not defined in this eleventh report of the Monitor (the “**Eleventh**

**Report**”) are defined in the glossary attached as Appendix “A” to this Eleventh Report.

2. On November 8, 2019, the Applicants obtained an Amended and Restated Initial Order. A copy of the Amended and Restated Initial Order is attached to this Eleventh Report as Appendix “B”.
3. On November 5, 2020, the Court issued an Order (the “**Expanded Powers Order**”) that, among other things, granted the Monitor expanded powers with respect to certain items, including:
  - a. Insurance claims that may be advanced by NAFA. The claims are primarily trade credit insurance claims that NAFA is currently advancing to recover unpaid kit loans (i.e. loans to farmers to raise their mink crop as “kits” are juvenile mink) advanced to farmers in 2019;
  - b. Claims in respect of NAFA’s “rollover loan” balances (i.e. unpaid loans advanced by NAFA in 2018 and prior);
  - c. Litigation in proceedings in which the Applicants are either a plaintiff or claimant (other than these CCAA Proceedings);
  - d. Oversight over material expenditures related to NAFA’s nascent “brokerage business” (i.e. the process whereby NAFA finds buyers for fur pelts being marketed by consignors that formerly sold their skins at NAFA’s auctions);
  - e. Matters related to NAFA’s employees; and
  - f. The right, title and interest of the Applicants in any real property.
4. Since the date of the Expanded Powers Order, the Monitor has been working closely with

the Applicants in respect of the items above, with the two parties sharing a common approach without the need to seek direction from the Court. The Monitor has provided regular updates to the Agent on these matters and has sought input from the Agent when appropriate.

5. Since the beginning of these CCAA Proceedings, and as set out further in the April Lawson Affidavit, the fur market has been affected by a number of factors, including the coronavirus pandemic (the “**Covid-19 Pandemic**”) that began to have significant effects in early 2020. As a result, the entire premise of the Applicants’ restructuring and monetization efforts were affected and NAFA has been required to alter its approach accordingly (i.e. primarily waiting for auctions to resume online or in person so that pelts delivered to auction houses can be monetized).
6. Given the Covid-19 Pandemic, NAFA’s primary cash inflows, which are based on auction proceeds on mink that it financed during 2019, were significantly depressed between 2020 and the last round of auctions in September 2022 (where some improvements were seen but it was still significantly below pre-Covid-19 Pandemic numbers), both as a result of the volume of pelts sold (when compared to historic volumes) and the prices achieved during 2019. This resulted in the Applicants paying down less Syndicate Debt than contemplated at the beginning of these CCAA Proceedings and doing so over an extended period of time. Due to pricing and other mink industry dynamics experienced to date, including depressed auction activity due, in part, to travel restrictions imposed by various foreign governments, a significant portion of skins anticipated to be auctioned in 2021 have been held over for auction in later years and remain to be sold in 2023.
7. On July 26, 2022, the Court granted an Order (the “**Stay Extension Order**”) that,

among other things:

- a. Extended the Stay Period from July 29, 2022 to November 30, 2022; and
  - b. Further extended the Stay Period from November 30, 2022 up to and including January 27, 2023 (the “**Extended Stay Date**”) upon the filing of a Monitor’s certificate (the “**Monitor’s Stay Certificate**”). In order to file the Monitor’s Stay Certificate, it was necessary for the Monitor to certify that it had reviewed the Applicants’ cash flow forecast and that such cash flow forecast projected that the Applicants had sufficient funds to the Extended Stay Date. It was also necessary for NAFA to obtain the consent of the Agent and FCC in respect of the extension of the Stay Period to the Extended Stay Date. The Monitor filed the Monitor’s Stay Certificate on November 29, 2022.
8. The Applicants’ motion record dated January 16, 2023 returnable on January 20, 2023 (the “**Motion**”) seeks the following relief:
- a. An extension of the Stay Period to April 28, 2023;
  - b. Directing that certain funds held by the Monitor pursuant to the Order of Justice McEwen dated January 13, 2020 (the “**January 13, 2020 Order**”) be released to NAFA to be used by NAFA for working capital purposes, as further described herein;
  - c. Approving a proposed settlement (the “**Kestutis Settlement**”) with a Lithuanian consignor (“**Kestutis Riskus**”), subject to approval of the Agent in the form substantially set out as an Appendix to this Eleventh Report with such amendments as the Applicants, with approval of the Monitor, may deem necessary;

- d. Approving this Eleventh Report and the actions and conduct of the Monitor and its counsel, Miller Thomson LLP, as described herein;
  - e. Approving the fees and disbursements of the Monitor and its counsel, Miller Thomson LLP, through December 31, 2022 as described herein; and
  - f. Sealing certain confidential appendices to this Eleventh Report and the confidential exhibits to the Fee Affidavits, defined below, until the conclusion of these CCAA proceedings.
9. Unless otherwise stated, monetary amounts contained herein are expressed in U.S. dollars, the Applicants' reporting currency.

## **PURPOSE**

10. The purpose of this Eleventh Report is to provide the Court with the Monitor's observations and recommendations on the relief sought by the Applicants in its Motion and to update the Court on the following items:
- a. The Applicants' and the Monitor's activities since the Tenth Report;
  - b. Updating the Court in respect of certain asset sales undertaken by the Applicants in Poland, Wisconsin, and one being pursued in Nova Scotia (the "**Transactions**");
  - c. The status of the Applicants' insurance claims in respect of loans made to farmers in 2019;
  - d. The status of several litigation proceedings currently ongoing in Europe;
  - e. The Applicants' forecast cash flows from January 9, 2023 through May 5, 2023 (the "**CF Period**"); and
  - f. The Monitor's recommendations in respect of the relief that NAFA is seeking in its

Motion.

## TERMS OF REFERENCE

11. In preparing this Eleventh Report and making the comments herein, the Monitor has been provided with, and has relied upon certain unaudited financial information, books, records and financial information prepared by the Applicants, discussions with and information from the Applicants' management ("**Management**") and other third-party sources (collectively, the "**Information**"). Except as described in this Eleventh Report:
  - a. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the *CPA Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor express no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
  - b. Some of the information referred to in this Eleventh Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the *CPA Canada Handbook*, has not been performed.
12. Future oriented financial information referred to in this Eleventh Report was prepared based on the Applicants' estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize and the variations could be significant.

13. While this Eleventh Report does reference some of the known impacts of the Covid-19 Pandemic on the Applicants' current and future operations, there may be further impacts not yet identified that may impact the Applicants' business, which may have an adverse impact on their financial performance. Readers should consider the increasingly broad effects on the financial condition of the Applicants, as a result of the negative impact on Canada, the global economy and major financial markets from Covid-19 Pandemic.

#### **ACTIVITIES OF THE MONITOR SINCE THE TENTH REPORT**

14. Since the date of the Tenth Report, the Monitor has undertaken, among other things, the following activities:
- a. Monitoring NAFA's receipts and disbursements and reporting same to the Agent. This includes a regular calculation of NAFA's Distributable Funds (as such term is defined in the First Report) when such funds are available;
  - b. Assisting NAFA in the development of the cash flow forecast attached as Confidential Appendix "1" to this Eleventh Report;
  - c. Receiving updates on the collection of receipts from the 2022 auctions at Saga, KF and AME;
  - d. Overseeing NAFA's brokerage business;
  - e. Arranging a desktop indication of value on the assets of 3306319 Nova Scotia Limited ("**NAFA Farms**"), which owns a mink farm comprising two properties in Nova Scotia and is an Applicant in these CCAA Proceedings. Farm Credit Canada has a first ranking mortgage on these properties as discussed further herein;

- f. Monitoring efforts ongoing in Europe to recover loans provided to mink farmers in a number of Baltic countries and Poland, including without limitation, virtual meetings with local counsel to evaluate ongoing litigation and options to enforce security and commence new litigation where appropriate. This includes participating in a mediation proceeding with one of NAFA's largest debtors in Lithuania;
- g. Responding to queries from the Agent and providing the Agent with summaries of the Applicants' realization efforts and necessary supporting documentation to allow the Agent to be consulted and to provide its approval in accordance with the Agent's consultation and approval rights granted under various orders in these CCAA Proceedings;
- h. Negotiating closing documents with the purchaser of the bulk of NAFA's remaining real property assets, including the real property it formerly owned in each of Poland and Wisconsin pursuant to the Transactions as further discussed herein;
- i. Corresponding with various stakeholders, including mink ranchers and other third-party creditors;
- j. Updating trade credit insurance claims that have been submitted to NAFA's insurer for unpaid kit loans advanced in 2019 and reviewing positions being advanced by the insurer and NAFA with the Agent;
- k. Undertaking the expanded powers granted to the Monitor in accordance with the Expanded Powers Order;



- l. Updating the Monitor’s case website to provide stakeholders with relevant information; and
- m. Preparing this Eleventh Report.

## UPDATE ON THE TRANSACTIONS

### *Completed Transactions*

15. Since the date of the Tenth Report, the Applicants have completed the second and third phase of the Transactions approved by the Court on April 26, 2022 pursuant to the Amended and Restated Purchase Agreement between Sinobec Group Inc. (“**Sinobec**”) and NAFA (the “**Sinobec Transactions**”).
16. The Sinobec Transactions included the following assets sales:
  - a. The sale of the “**IP Assets**” owned by the Applicants. This included the “Blackglama” trademark that was formerly owned by NAFA. As previously reported in the Tenth Report, the sale of the IP Assets closed on April 29, 2022;
  - b. The “**Phase I Assets**” which primarily represented NAFA’s Polish assets, including its office/warehouse and the related real property, located in Goleniów, Poland. The sale of the Phase I Assets closed on July 27, 2022; and
  - c. The “**Phase II Assets**” which included all of the Applicants’ other assets, excluding the IP Assets and the Phase I assets. The sale of the Phase II Assets closed on September 30, 2022.
17. After each closing of the Sinobec Transactions, the funds remaining after paying priority claims, professional fees relating to the specific Transaction and other amounts agreed to with the Agent, were paid to the Agent from the Monitor’s trust account. The Agent was

regularly consulted during the closing process of each of the Sinobec Transactions.

18. As a result of the sales contemplated by the Sinobec Transactions, the Applicants have liquidated substantially all of their assets with the following exceptions:

- a. A mink farm in Nova Scotia owned by NAFA Farms comprising two real properties;
- b. Certain long-term debt owed to NAFA by former consignors in North America and Europe, some of which are subject to ongoing litigation in Europe to recover same;
- c. A mortgage over a mink farm in Eastern Europe;
- d. Approximately 300,000 fur pelts that have been consigned to auctions houses, Saga and KF. The ultimate timing of the sale of such pelts is not within NAFA's control;
- e. Insurance claims that have been submitted to its insurer related to unpaid kit loans.

Details with respect to each of these items will be provided herein.

*Transactions in progress*

19. One of the Applicants in these CCAA Proceedings, NAFA Farms owns a mink farm comprising two real properties in rural Nova Scotia. NAFA acquired NAFA Farms in or about 2017 from Victory Farms Inc. ("**Victory Farms**") during its CCAA proceedings. Victory Farms was previously a consignor of NAFA prior to its own insolvency.

20. One of the principals of Victory Farms at the time was Jonathan Mullen ("**Jonathan**"). Subsequent to NAFA's acquisition of the property owned by NAFA Farms, Jonathan has continued to operate the mink farm located thereon.

21. NAFA Farms is indebted to FCC as first secured creditor. The Monitor has reviewed

FCC's security and is of the view that FCC has a priority charge over the property and its assets.

22. Jonathan approached NAFA in May 2022 and expressed an interest in acquiring the farm properties from NAFA Farms. Given NAFA's goal of liquidating the bulk of its assets to pay its creditors, NAFA, subject to the oversight of the Monitor pursuant to the Expanded Powers Order, entered into negotiations with Jonathan for the sale of the farm property. The Monitor obtained a desktop indication of value from a local real estate agent that has experience in selling mink farms prior to finalizing the terms of sale with Jonathan. Subsequently, a representative of the Monitor attended the property with an appraiser to obtain an updated equipment appraisal for certain equipment that was located at the properties. Information relating to both the desktop indication of value and onsite appraisal was shared with FCC.
23. The appraised value of the equipment and real estate indicate that the value of the farm is materially less than the amount due to FCC that is secured by these assets. Accordingly, FCC is the only creditor with an economic interest in the proceeds from the sale of the farm and related equipment.
24. NAFA and the Monitor have subsequently agreed on the terms of the sale of the farm properties with Jonathan and have also obtained the consent of FCC in respect of same. Given the terms of the sale, NAFA and the Monitor are of the view that the sale can be concluded under the authorizations already granted by the Court without further Court approval.
25. The sale of the farm properties is scheduled to close during the proposed Stay Period. FCC has agreed with NAFA and the Monitor that CAD\$50,000 from the proceeds from the sale

shall be paid on account of professional fees secured by the Administration Charge that have been incurred to date in monitoring the farm since the start of these CCAA Proceedings and attending to the sale of the farm. This amount is forecast to be paid during the proposed Stay Period.

26. Once the sale closes NAFA Farms will have no further assets.

#### **UPDATE ON THE APPLICANTS' INSURANCE CLAIMS**

27. The Monitor previously advised the Court that the Applicants have submitted 26 claims to their insurer related to unpaid kit loans. The gross amount of the claims asserted by NAFA is approximately \$25 million. These claim amounts have not been agreed to by the insurer and are subject to country, borrower and policy limits and payment of deductible. As set out below, the parties are preparing to attend pre-litigation mediation to attempt to resolve the claims.
28. NAFA's trade credit insurer is Red Rock Insurance Services Ltd. ("**Red Rock**") and the claims are underwritten by Lloyd's of London ("**Lloyd's**"). In order to preserve the parties' rights with respect to claim period limitations, in or about the summer of 2021, NAFA has entered into a tolling agreement with Red Rock.
29. NAFA, in consultation with the Monitor and the Agent, has agreed with Red Rock to enter into a pre-litigation mediation to attempt to resolve these claims. The parties have been working towards the scheduling of the mediation date but it has been progressing slower than expected. This is because, in part, the insurance claims have had to be updated to reflect the current state of the consignor accounts, Red Rock has had ongoing document disclosure requests and that the parties are working to develop an agreed statement of facts

prior to engaging in a formal mediation process.

30. The Monitor will further update the Court should there be additional developments with respect to NAFA's insurance claims.

## **LITIGATION UPDATE**

31. As set out above, the Applicants are engaged in a number of recovery proceedings in Europe. An update of each is set out below.

### *Kestutis*

32. As previously reported, a farm in Lithuania known as Kestutis was financed by NAFA to provide in excess of 360,000 pelts to NAFA in 2019. Kestutis did not deliver any pelts in 2019 and as such, NAFA commenced litigation in Lithuania against Kestutis.
33. On or about November 16, 2020, the Klaipėda District Court for the Republic of Lithuania issued judgment in favour of NAFA against Kestutis in the amount of €11,949,845 plus €28,752 in costs ("**Kestutis Judgment**").
34. NAFA's enforcement efforts have resulted in the collection of some funds against the Kestutis Judgment, but there is still over €11 million owing.
35. On November 16, 2021, NAFA engaged in a court-supervised mediation of the Kestutis dispute in Lithuania. The mediation has continued over the course of a year, with the last mediation session occurring in December 2022.
36. The Monitor attended the mediation sessions remotely. At the last mediation in December 2022, the parties reached the terms of a settlement. Thereafter, in January 2023, a form of final settlement agreement was sent by NAFA to Kestutis (the "**Kestutis Settlement Agreement**") and as of the date of this Eleventh Report has not been executed by the

parties.

37. A term of the Kestutis Settlement Agreement requires that NAFA obtain court approval of the agreement, and as such, NAFA's Motion seeks relief from the Court to approve the Kestutis Settlement Agreement, and authorize NAFA to execute and enter into the Kestutis Settlement Agreement.
38. The Monitor supports NAFA entering into the Kestutis Settlement Agreement, as detailed below.

#### *Grobina*

39. As previously reported, a farm in Latvia known as Grobina was financed by NAFA to provide in excess of 160,000 pelts to NAFA in 2019. These pelts were not delivered to NAFA in 2019.
40. Grobina is subject to its own insolvency administration proceedings in Latvia. That insolvency process began immediately prior to NAFA's own in October 2019. An administrator currently oversees Grobina's assets.
41. NAFA has had to engage in material litigation proceedings in Latvia to attempt to recover amounts due to NAFA. The matter is still not resolved at this time.
42. As part of its efforts, NAFA seized 50,047 Grobina pelts from the entity known as "CR7", which are in storage in Latvia. Immediately before the insolvency of Grobina in 2019, Grobina allegedly "sold" a material number of the Grobina pelts to CR7, which were subject to NAFA's security without NAFA's permission. This has led to litigation with CR7. One of the interim outcomes of that litigation was that NAFA was able to seize the aforementioned pelts in 2021.

43. On September 26, 2022, the Latvian Courts found in favour of NAFA in its litigation against CR7. The Court declared that the contract of purchase and sale of 75,000 mink concluded between Grobina and CR7 on September 29, 2019 was invalid from the moment of its conclusion; it ordered CR7 to return 75,000 mink pelts to Grobina; and, it ordered costs in the amount of 20,684.80 EUR from CR7 and Grobina to be paid to NAFA.
44. CR7 appealed the decision in October 2022 and the Latvian Court of Appeal has scheduled the hearing of the appeal on February 13, 2023.
45. In the event CR7's appeal is unsuccessful, then NAFA will be able to sell the seized mink to and use the proceeds to reduce the amount owing by Grobina. Until that time, the pelts remain in storage.
46. It is unlikely, even if the appeal is successful, these Mink will make it to the market for sale in 2023 unless there is a materially higher than expected sale of fur inventory in March.
47. At an average price of \$15, the approximate 50,000 of Grobina seized pelts would produce \$750,000 of gross proceeds. If sold, a portion of the proceeds will likely be required to be paid to Grobina's administrator on account of its costs.

#### *Gasiorek*

48. The Gasiorek farm owed NAFA in excess of \$10,500,000 after the 2019 mink breeding year notwithstanding delivering their mink to Saga, at NAFA's direction given the circumstances of the Company at that time, in accordance with their contract with NAFA.
49. In September 2021, an agreement was reached with Gasiorek in which they agreed to

provide NAFA with 200,000 fresh pelts in January 2022, which were directed and delivered to Saga for sale in NAFA's name and under its own account.

50. In November 2022, NAFA and Gasiorek entered into a further agreement whereby Gasiorek agreed to provide NAFA with an additional 50,000 fresh pelts for auction at Saga which proceeds would be applied by NAFA to the repayment of Gasiorek's debt (25,000 of these pelts have been delivered to the auction house with another 25,000 pelts to be delivered shortly).
51. Saga sold approximately 25% of the 200,000 pelts Gasiorek provided to NAFA from those delivered in 2021. As such, there is still a significant number of pelts that are available to be sold at auction. NAFA expects that a material number of Gasiorek pelts will be on offer for sale at Saga's March auction, and throughout 2023. The proceeds of the pelts sold to date reduce the indebtedness owing by Gasiorek to NAFA, but a material amount remains outstanding.
52. Beyond Gasiorek, other farmers in various jurisdictions also continue to owe money to NAFA. NAFA and the Monitor have taken steps to renew demands against these farmers and has the support of the Agent to take further steps to enforce against some of these farms.

## **CASH FLOW FORECAST**

53. Attached as Confidential Appendix "1" is NAFA's cash flow forecast for the period from January 9 to April 28, 2023 (the "**Cash Flow Forecast**") including the notes thereto. The notes to the Cash Flow Forecast are an integral part thereof and the two documents should be read together. The Cash Flow Forecast was prepared by the Applicants, with the



assistance of the Monitor, to forecast receipts and disbursements through April 28, 2023.

54. The Cash Flow Forecast is being filed to provide the Applicants' current financial picture to the Court and to demonstrate NAFA ability to continue operations over the CF Period to enable it to continue to seek recovery on its remaining assets for the benefit of its stakeholders.
55. A summary of the Cash Flow Forecast is set out below:

<b>North American Fur Auctions Inc.</b> <b>17-Week Cash Flow Forecast</b> <b>For the period January 9, 2023 to May 5, 2023</b> <b>(in USD '000s)</b>	
	<b>Forecast</b>
<b>Receipts</b>	
HST refund	143
Auction house receipts - Saga/KF/AME	589
Other receipts	295
Sale of assets (net of commission and fees)	-
<b>Total Receipts</b>	<b>1,028</b>
<b>Disbursements</b>	
Occupancy costs	(8)
Employee costs	(176)
Professional fees	(370)
Other administrative and operating costs	(82)
<b>Total Disbursements</b>	<b>(635)</b>
<b>Net Cash Flow</b>	<b>392</b>
Opening bank cash balance - CIBC temp Account	-
Net cash flow from above	392
Repayment of operating tranche A loan	(200)
Transfer from Tranche A Account	197
Bank interest and refinancing costs	(359)
<b>Closing Bank Cash Balance - CIBC Temp Account</b>	<b>30</b>
Opening bank cash balance - CIBC Tranche A Account	197
Transfer (to)/from TEMP Account	(197)
<b>Closing Bank Cash Balance - CIBC Tranche A Account</b>	<b>-</b>
<b>Total Liquidity</b>	<b>30</b>
<b>Operating Tranche A Loan Balance</b>	
Opening	4,424
Net increase/(decrease)	(200)
<b>Ending</b>	<b>4,224</b>

*Note: Totals in the table above are subject to rounding differences*

56. As detailed above, the Cash Flow Forecast contains the following;
- a. Receipts during the CF Period total approximately \$1.0 million. Particulars of this amount include the following:
    - i. Forecast HST receipts of approximately \$143,000. This represents several months' worth of filings as Canada Revenue Agency ("CRA") finalizes its review of the Applicants' returns. The normal course payment of the refunds contained in the returns under audit has been disrupted given CRA's ongoing review;
    - ii. Approximately \$589,000 of receipts forecast to be received from Saga and KF related to pelts that have been pledged to NAFA as security for kit loans. This represents proceeds from the first round of auctions in Europe that are scheduled for late February and early March;
    - iii. Other receipts of approximately \$295,000. This represents three items including a professional fee reimbursement from FCC after the NAFA Farms farm sale closes, the release of funds from the Monitor's trust account to be paid to NAFA (as detailed further herein) and proceeds from the Kestutis Settlement.
  - b. Disbursements, other than interest and fees payable to the Agent, total approximately \$635,000. This is made up of the following amounts:
    - i. Occupancy costs of approximately \$8,000. This is entirely made up of office rental costs;

- ii. Employee costs of \$176,000 which are for one employee in Europe and two in Canada;
  - iii. Other and administrative costs of approximately \$82,000 for both Canada and Poland. Such costs are largely accounting and office expenses; and
  - iv. Professional fees of approximately \$370,000. The professionals in these CCAA Proceedings are generally paid on 60-day terms but the Cash Flow Forecast contemplates extended payment deferrals to help preserve NAFA's liquidity until such time as there are sufficient funds.
- c. In addition to the above disbursements, NAFA is forecasting interest and fees payable to the Agent in the amount of \$359,000. NAFA is also forecasting a payment of \$200,000 to the Agent in respect of the Syndicate Debt.

*Cash flow risk factors*

57. Significant risk factors to the Cash Flow Forecast include:

- a. As set out elsewhere, demand for mink pelts since 2020 have approached historic lows due to several factors, particularly the Covid-19 Pandemic. For this reason, the volume of mink pelts sold since the commencement of these CCAA Proceedings have been far less than in prior years. Since that time, the results at the auctions have been mixed and generally less successful than in the past. There is still a great deal of uncertainty in the mink market, and globally, because of the ongoing impact of the Covid-19 Pandemic and war in Ukraine as each factor significantly affects NAFA's traditional mink pelt

buyer markets;

- b. The Kestutis Settlement contemplates that funds will be paid to NAFA. Should the Kestutis Settlement be delayed or should Kestutis breach the terms and not make these payments, this would have negative repercussions; and
- c. NAFA is assuming that HST returns will be paid as filed and that it will receive the funds that are currently subject to CRA's review.

#### **MONITOR'S RECOMMENDATIONS REGARDING THE RELIEF BEING SOUGHT**

58. The Monitor notes the following with respect to the relief currently being sought by the Applicants.

##### *Funds in Monitor's Account re: PT Account Proceeds*

59. As noted in the Applicants' motion materials, the Monitor is currently holding funds related to consignor pelt sales in a separate account (the "**Monitor Account**"). The Account was established after the Order of the Court issued on January 13, 2020 (the "**January 13, 2020 Order**"), which, among other things, directed that the proceeds from any third party private treaty fur sales (i.e. consignor sales) made by NAFA would be remitted to a segregated account held by the Monitor and the net proceeds from the sale would be disbursed by the Monitor to the consignor(s).
60. Since the January 13, 2020 Order was issued, NAFA has undertaken numerous private treaty sales whereby pelts have been sold to buyers directly rather than via auction. In some cases, consignors were paid out immediately after a sale was made. This occurred when the pelts being sold were all provided by the same party. On two occasions, December 2020 and February 2022, the Monitor issued a large number of payments to a

wide range of consignors across North America (the “**Bulk Payments**”).

61. As a result of the Bulk Payments being made, there are approximately \$45,000 worth of outstanding cheques that are payable to 554 consignors (the “**Outstanding Funds**”). If the largest outstanding cheque of approximately \$13,000 is removed from the pool of unclaimed cheques, the average amount of outstanding cheques outstanding to consignors is approximately \$58 (and \$81 if the largest outstanding cheque is not removed from pool of unclaimed cheques). These cheques are stale dated and are no longer able to be cashed.
62. Details of the outstanding payments are included in the affidavit of Doug Lawson, affirmed on January 16, 2023 (the “**Lawson Jan 2023 Affidavit**”). Given the relatively small value payable to individual consignors and the length of time that has passed since the Outstanding Funds were disbursed, the Monitor is of the view that no creditor will be materially prejudiced if NAFA obtains the relief it is seeking in respect of the Outstanding Funds.
63. In addition to the Outstanding Funds, the Monitor Account also holds funds payable to consignors that did not meet NAFA’s minimum payment threshold. As set out in the Lawson Jan 2023 Affidavit, as part of NAFA’s usual payment procedure prior to these CCAA Proceedings, NAFA did not pay out amounts to consignors unless they were owed a minimum amount that made it economical to send payment. A similar approach was taken by NAFA when issuing the Bulk Payments. The amounts that did not get paid due to being too small are referred to as the “**De Minimis Proceeds**”.
64. The quantum of the De Minimis Proceeds is approximately \$71,000 with the average value of these payments being approximately \$10 per consignor. Given the small dollar value of these payments, neither the Monitor nor NAFA are of the view that it is economical to

make such payments, as the costs to print and send the cheques will be greater than the value of the payment, in part, due to the fee that NAFA charges when making payment.

65. Furthermore, it is unlikely that all of the consignors, especially those in the United States (where almost half of relevant of consignors reside), would be able to negotiate the payments issued by the Monitor were cheques to be issued for these amounts. The Monitor is aware that certain consignors that received payments from the Bulk Payments in the United States have had difficulty cashing their cheques as their local financial institutions will not accept payments drawn on a Canadian bank or will charge fees in excess of the value of payment. In the Monitor's view, it is not practical or economical to pay each consignor by any other means. Furthermore, given the lack of additional pelts for NAFA to sell, there is no opportunity for these consignors to increase the amount that they are owed to a level where a payment would be within NAFA's policy and past practice.
66. A summary of the average value of the Outstanding Funds and the De minimis Payments is set out below:

Payment type	Value	Number of payees	Average value
Outstanding payments	\$45,040	554	\$81
Outstanding Payments less largest cheque	\$32,048	553	\$58
De Minimis Payments	\$71,085	6,987	\$10

Note: Amounts in average column are rounded to nearest dollar.

67. NAFA is currently seeking an order from the Court directing that the funds represented by the Outstanding Funds and the De Minimis Payments in the Monitor Account be released to NAFA to be used for working capital purposes. NAFA's requested relief provides that the consignors due these amounts will be able to participate in a claims process in these

CCAA proceedings should one be commenced (i.e. in the event that a plan of arrangement is filed by the Applicants).

68. NAFA has recently run a process to identify other consignor's that may be owed money from sales. It is likely that certain of these amounts will meet the description of being De Minimis Payments. As such, NAFA is seeking the Court's approval to treat such funds in a similar manner once the final private treaty payments are made. The Monitor is of the view that this treatment is appropriate in the circumstances for the same reasons as set out above.
69. For the reasons set out above, the Monitor is supportive of NAFA's request to have the Monitor release the amount in the Monitor Account to NAFA to be used by NAFA for working capital purposes.

#### *Kestutis Settlement*

70. Kestutis Riskus is the single largest of NAFA's debtors and owes NAFA in excess of €11 million.
71. NAFA's efforts to collect from Kestutis Riskus have been ongoing for several years and have included the following:
  - a. Obtaining judgement against him in Lithuania. This includes the original decision of the Lithuanian court and several appeals against the Court's findings;
  - b. Reporting Kestutis Riskus to the Lithuanian police. The Monitor understands that Kestutis Riskus has been subject to ongoing criminal investigations;
  - c. Engaging in extended mediation proceedings detailed above which were

subject to the oversight of the Lithuanian courts; and

d. Agree to the terms of the Kestutis Settlement.

72. A redacted copy of the unexecuted Kestutis Settlement is attached as Appendix “C”, which has been redacted to remove sensitive commercial terms which, if made public, could hamper the Applicants’ recovery actions against other debtors. A copy of the unredacted Kestutis Settlement is attaches as Confidential Appendix “2”.

73. The Kestutis Settlement contains the following key provisions:

- a. The debt owed by Kestutis Riskus is acknowledged and is not compromised as part of the Kestutis Settlement;
- b. Kestutis Riskus is required to make payment of certain guaranteed amounts to NAFA over a period of time. If it fails to make those payments, the entire debt remains due;
- c. Kestutis Riskus will make an immediate cash payment to NAFA upon closing of the Kestutis Settlement;
- d. NAFA will be entitled to future proceeds from the sale of Kestutis Riskus’ mink in future years pursuant to a proceed sharing mechanism; and
- e. Entering into the Kestutis Settlement does not prejudice NAFA’s ability to pursue an insurance claim in respect of Kestutis Riskus’ debt.

74. The Kestutis Settlement is subject to the approval of the Court and the Agent and has not been executed by the parties. The Agent has been provided with a draft of the Kestutis Settlement and is currently reviewing it. NAFA is seeking the ability to enter into Kestutis Settlement, subject to approval of the Agent, in a form substantially similar to that in



Appendix “C” with such changes as may be necessary and are agreed by the Monitor.

75. NAFA is of the view that entering into the Kestutis Settlement in a form substantially similar to that included in Appendix “C” is an opportunity to receive immediate cash proceeds with an opportunity for further recovery in future years while not forgiving any debt. The Monitor shares this view and recommends that the Court approve the Kestutis Settlement.

*Approval of the Monitor’s and its Counsel’s Fees and Activities*

76. By Order dated July 26, 2022 the Court approved the Monitor’s Ninth and Tenth Reports. The Applicants are currently seeking approval of this Eleventh Report as part of the Motion.
77. The Court last approved the Monitor and its counsel’s fees on January 31, 2022, which approved the fees and disbursements incurred by the Monitor and its counsel through to December 31, 2021. NAFA is now seeking the Court’s approval for the Monitor’s and its counsel’s fees through to December 31, 2022 (the “**Fee Period**”).
78. The Monitor and Miller Thomson LLP have maintained detailed records of their professional time and costs during the Fee Period. The Monitor’s professional time and disbursements are detailed in the fee affidavit of Jorden Sleeth (the “**Monitor Fee Affidavit**”) and attached as Appendix “D” to this Eleventh Report. Miller Thomson’s professional time and disbursements are detailed in the fee affidavit of Gina Rhodes (the “**Miller Thomson Fee Affidavit**”) and are attached as Appendix “E” to this Eleventh Report.
79. The Monitor’s accounts during the Fee Period total CDN\$480,038 in fees plus CDN\$600

in disbursements and HST in the amount of CDN\$62,483 for a total amount of \$543,120.

The details of the time spent, including a summary of the personnel, hours and hourly rates of the service provided by the Monitor are more particularly described in the Monitor Fee Affidavit.

80. Miller Thomson's accounts during the Fee Period total \$307,738 in fees plus \$15.60 in disbursements and HST in the amount of \$40,006.93 for a total amount of \$347,760.53.

The details of the time spent, including a summary of the personnel, hours and hourly rates of the service provided by the Monitor are more particularly described in the Miller Thomson Fee Affidavit.

81. The detailed accounts of the Monitor and Miller Thomson are being provided as Confidential Exhibit "B" to the Monitor Fee Affidavit and the Miller Thomson Fee Affidavit, respectively, and a sealing Order is being sought by NAFA as these accounts provide commercially sensitive information that, if disclosed, could impact future recoveries in these CCAA Proceedings.

82. The Monitor has reviewed the accounts of its counsel and confirms it authorized the work performed. The Monitor believes that the accounts of it and Miller Thomson LLP are reasonable in the circumstances and respectfully requests that the Court approve the fees and disbursements in the Monitor Fee Affidavit and the Miller Thomson Fee Affidavit.

#### *Extension of the Stay Period*

83. NAFA is currently seeking an extension of the Stay Period to April 28, 2023 to allow it to continue to its restructuring and pursue activities to repay the Syndicate Debt. Such activities include:

- a. Continuing litigation to recover loans made to mink farmers in Europe;
- b. Continue to pursue NAFA's insurance claims;
- c. Complete the sale of the farm properties owned by NAFA Farms; and
- d. Receive proceeds from the sale of pelts at KF and Saga.

84. The Monitor is of the view that the Applicants continue to act in good faith and with due diligence. The Monitor is further of the view that an extension of the Stay Period to April 28, 2023 will allow NAFA to continue to implement its restructuring and asset monetization plan for the benefit of all stakeholders.

85. The Monitor recommends that the Court grant NAFA's request to extend the Stay Period should it see fit to do so.

All of which is respectfully submitted this 18<sup>th</sup> day of January, 2023.

**Deloitte Restructuring Inc.**  
**Solely in its capacity as Court-appointed**  
**Monitor of North American Fur Auctions Inc. et al**

Per:



Jorden Sleeth, LIT  
Senior Vice President



Todd Ambachtsheer, LIT  
Senior Vice President

**Appendix “A”  
Glossary of Terms**

<b>Glossary</b>	
<b>Term</b>	<b>Definition</b>
<b>Administration Charge</b>	A charge granted pursuant to the Initial Order, as amended securing the fees and disbursements of the Applicants’ counsel, the Monitor and its counsel, the advisors of the Syndicate, the Financial Advisor and counsel for the Directors (to a maximum of \$100,000 for the latter), which amount and priority have been amended such that currently the charge is in the amount of \$1,500,000 with \$900,000 ranking in first priority (now that the DIP Facility has been repaid) and \$600,000 ranking in fourth priority behind the KERP Charge and the Syndicate Debt
<b>Agent</b>	Canadian Imperial Bank of Commerce in its capacity as Agent for the Syndicate
<b>Amended and Restated Initial Order</b>	The Amended and Restated Initial Order of the Court dated November 8, 2019
<b>AME</b>	American Mink Exchange, a north American solicitor of fur pelts
<b>Applicants</b>	Collectively, North American Fur Producers Inc., NAFA Properties Inc., 3306319 Nova Scotia Limited, North American Fur Auctions Inc., NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, North American Fur Auctions (US) Inc., NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-Operatief Ua, NAFA Europe B.V., Daikoku Sp.Z Oo and NAFA Polska Sp. Z Oo
<b>April Lawson Affidavit</b>	The Affidavit of Douglas Lawson affirmed April 2, 2021
<b>August Lawson Affidavit</b>	The Affidavit of Douglas Lawson affirmed August 21, 2020
<b>BDC</b>	Business Development Bank of Canada
<b>Carlingview Property</b>	NAFA’s former distribution centre on Carlingview Avenue in Toronto
<b>CCAA</b>	<i>Companies’ Creditors Arrangement Act</i> , R.S.C., 1985, c. C-36
<b>CCAA Proceedings</b>	The CCAA proceedings commenced pursuant to the Initial Order bearing Court file no. CV-19-

	00630241-00CL
<b>CIBC</b>	Canadian Imperial Bank of Commerce
<b>City Landlord</b>	City of Toronto
<b>Court</b>	Ontario Superior Court of Justice (Commercial List)
<b>December Lawson Affidavit</b>	The Affidavit of Douglas Lawson affirmed December 20, 2019
<b>Deloitte</b>	Deloitte Restructuring Inc.
<b>DIP Charge</b>	The charge granted by the Court pursuant to the Initial Order against the Applicants' Property as security for the DIP Financing
<b>DIP Fee</b>	A fee in the amount of 2% earned by the DIP Lender for providing the DIP Financing
<b>DIP Financing</b>	The interim financing in the maximum principal amount of \$5.0 million provided by the DIP Lender approved by the Court pursuant to the Initial Order
<b>DIP Lender</b>	Waygar Capital Inc.
<b>DIP Term Sheet</b>	The DIP Term Sheet dated October 31, 2019 between NAFA and the DIP Lender in respect of the DIP Financing approved by the Court pursuant to the Initial Order
<b>EDC</b>	Export Development Canada
<b>Eighth Report</b>	The Eighth Report of the Monitor dated January 27, 2022
<b>Financial Advisor</b>	Collectively, KPMG Inc. and KPMG Corporate Finance
<b>Fifth Report</b>	The Fifth Report of the Monitor dated November 3, 2020
<b>First Report</b>	The First Report of the Monitor dated November 7, 2019
<b>Fourth Report</b>	The Fourth Report of the Monitor dated August 24, 2020
<b>Fur Harvesters</b>	Fur Harvesters Auctions Inc.
<b>Ground Leases</b>	Two long-term ground leases in respect of the Skyway Property, one with the Private Landlord and one with the City Landlord, copies of which are attached as Exhibits "B" and "C" to the October Lawson Affidavit.

<b>Initial Order</b>	The Order of Justice McEwen dated October 31, 2019, as amended by the Amended and Restated Initial Order
<b>IP Assets</b>	The intellectual property, software, computers and other soft assets necessary to operate a fur auction business. This includes the “Blackglama” trademark
<b>KERP</b>	Key employee retention program approved by the Court
<b>KERP Charge</b>	Charge in the amount of \$150,000 approved the Court on November 8, 2019
<b>KF</b>	Kopenhagen Fur, a large Danish auction house that, along with Saga and NAFA, was one of the leading mink auction houses in the world
<b>KPMG CF</b>	KPMG Corporate Finance Inc.
<b>Monitor</b>	Deloitte in its capacity as Court-appointed Monitor of the Applicants
<b>NAFA</b>	North American Fur Auctions Inc.
<b>NAFA Properties</b>	NAFA Properties Inc.
<b>Ninth Report</b>	The Ninth Report of the Monitor dated April 23, 2022
<b>October Lawson Affidavit</b>	Affidavit of Doug Lawson sworn October 30, 2020
<b>Pre-filing Report</b>	The pre-filing report of the proposed Monitor, dated October 31, 2019
<b>Polish Property</b>	NAFA’s main European office owned in Goleniów, Poland
<b>Property</b>	Has the meaning ascribed to that term in the Amended and Restated Initial Order
<b>Second Report</b>	The Second Report of the Monitor dated November 27, 2019
<b>Seventh Report</b>	The Seventh Report of the Monitor dated September 27, 2021
<b>Sixth Report</b>	The Sixth Report of the Monitor dated April 5, 2021
<b>SISP</b>	Sale and Investment Solicitation Process
<b>Skyway Property</b>	NAFA’s corporate head office building located at 65 Skyway Avenue in Toronto, Ontario
<b>Stay Period</b>	The stay of proceedings granted pursuant to the Initial Order, as may be extended from time to time

<b>Success Fee</b>	An amount payable to KPMG CF in the event that it achieved the result set out in its engagement letter that was signed in July, 2019
<b>Syndicate</b>	A group of financial institutions that, together, have provided senior secured financing to the Applicants as represented by the Canadian Imperial Bank of Commerce as Agent
<b>Syndicate Debt</b>	The indebtedness owing by the Applicants to the Syndicate
<b>Tenth Report</b>	The Tenth Report of the Monitor dated July 22, 2022
<b>Third Report</b>	The Third Report of the Monitor dated January 29, 2020
<b>VAG</b>	Van Ansem Group (being a collection of farms under one corporate umbrella)
<b>Wisconsin Properties</b>	NAFA's owned buildings on Williams Drive and Industrial Circle in Stoughton, Wisconsin

## Appendix “B”



ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE

) THURSDAY, THE 31<sup>ST</sup>

MR. JUSTICE McEWEN

) DAY OF OCTOBER, 2019  
)



IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,  
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH  
AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,  
NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR  
AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA  
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z  
OO and NAFA POLSKA SP. Z OO

(the "**Applicants**")

**AMENDED AND RESTATED INITIAL ORDER**

**THIS APPLICATION**, made by North American Fur Producers Inc., NAFA Properties Inc., 3306319 Nova Scotia Limited, North American Fur Auctions Inc. ("**NAFA**"), NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, North American Fur Auctions (US) Inc., NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-operatief UA, NAFA Europe B.V., Daikoku Sp. Z oo, and NAFA Polska Sp. Z oo (collectively, the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Doug Lawson sworn October 30, 2019 and the Exhibits thereto ("**Lawson Affidavit**"), the Affidavit of Ariyana Botejue sworn October 30, 2019, the Pre-Filing Report of Deloitte Restructuring Inc. ("**Deloitte**"), in its capacity as monitor for the Applicants (in such capacity, "**Monitor**") (the "**Pre-Filing Report**"), the First Report of the

Monitor dated November 7, 2019 (the “**First Report**”) and on hearing the submissions of counsel for the Applicants, counsel to the Monitor, counsel to the Canadian Imperial Bank of Commerce, as agent (in such capacity, the “**Agent**”) for the lenders (the “**Lenders**”) to the Fourth and Restated Credit Agreement dated as of September 27, 2019 (as may be amended or amended and restated, the “**Credit Agreement**”) from time to time, and all other counsel listed on the counsel slip, no one appearing for any other person on the Service List, although properly served as appears on the Affidavit of Service of Ariyana Botejue, sworn, October 31, 2019, and on reading the consent of Deloitte to act as the Monitor,

#### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

#### **APPLICATION**

2. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies.

#### **PLAN OF ARRANGEMENT**

3. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”), provided that no Plan shall compromise any indebtedness or obligations owing by any of the Applicants to the Agent and/or the Lenders (the “**Syndicate Debt**”) or any encumbrance or security interest securing the Syndicate Debt (the “**Syndicate Security**”).

#### **POSSESSION OF PROPERTY AND OPERATIONS**

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, but excluding cash collateral held by the Agent in respect of the Visa Credit (as defined in the Credit Agreement) (the “**Property**”).

Subject to further Order of this Court or as otherwise directed by this Order, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, independent contractors, advisors, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty, subject to the terms of the Definitive Documents (as defined herein) to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place or, with the consent of the Monitor, the DIP Lender (as defined herein) and the Agent replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the Applicants, subject to availability under and in accordance with the terms of the DIP Term Sheet (as defined herein) and the Definitive Documents, shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order to the extent that such expenses are incurred and payable by the Applicants:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies

and arrangements, and all other payroll, pension and benefits processing and servicing expenses;

- (b) all future amounts owing to Persons working as independent contractors in connection with the Business; and
- (c) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein and subject to the terms of the DIP Term Sheet and the Definitive Documents, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order and any other Order of this Court, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance, and security services, but not expenses in connection with any environmental remediation; and
- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior

to the date of this Order but not required to be remitted until on or after the date of this Order; and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date other than amounts due and owing to the Lenders; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

10. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to repay the Syndicate Debt from the Distributable Funds (as defined in the First Report) on a weekly basis.

11. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed, until further Order of this Court, to grant any encumbrance or security interest in connection with the Credit Agreement and to execute and deliver any document or instrument in furtherance thereof.

## **RESTRUCTURING**

12. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Term Sheet and the Definitive Documents, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations, and to sell, convey, transfer, lease assign or dispose of any Property outside of the ordinary course of business, with the approval of the Monitor, provided that the consideration for any one such transaction does not exceed \$50,000, and that

the aggregate consideration for all such transactions does not exceed \$250,000, except that such amounts shall not include amounts with respect to the sale, transfer, assignment or other disposition of any Kit Loans and Pelts, including but not limited to the SAGA Furs Transaction (as those terms are defined in the Lawson Affidavit), in accordance with paragraph 12(c);

- (b) subject to the requirements of the CCAA and paragraphs 14 to 16 herein, with the consent of the Agent, vacate, abandon or quit the whole (but not part of) and may permanently (but not temporarily) cease, downsize or shut down any of their Business or operations in respect of any leased premises;
- (c) continue to sell Kit Loans and Pelts (as defined in the Lawson Affidavit) in accordance with the SAGA Furs Transaction, with the approval of the Monitor, Agent and DIP Lender;
- (d) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (e) pursue all avenues of refinancing, restructuring, selling and reorganizing their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing, restructuring, sale or reorganization that is not otherwise subject to paragraphs 12(a) or 12(c),

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Applicants or their Business (the **"Restructuring"**).

13. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to list and offer for sale the real property owned by the Applicants and their foreign subsidiaries in Poland and the United States of America and ~~the lease in respect of the Head Office (as defined in the Lawson Affidavit)~~ as soon as practicable and that such sale shall be conducted in accordance with paragraph 12(e).

## REAL PROPERTY LEASES

14. **THIS COURT ORDERS** that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

15. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of their intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the entitlement of the Applicants to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim or resiliate the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants’ claim(s) to the fixtures in dispute.

16. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect

of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

## **NO PROCEEDINGS AGAINST THE APPLICANTS, THE BUSINESS OR THE PROPERTY**

17. **THIS COURT ORDERS** that until and including November 29, 2019, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, other than Proceedings by the Agent, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court. To the extent the Agent commences any Proceedings against any of the Applicants, it will provide the Applicants and the Monitor with not less than three (3) days’ notice.

## **NO EXERCISE OF RIGHTS OR REMEDIES**

18. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”), other than the Agent, against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. To the extent the Agent wants to enforce any of its rights or remedies against the Applicants, their Business or Property, it will provide the Applicants and the Monitor with not less than three (3) days’ notice.



## **NO INTERFERENCE WITH RIGHTS**

19. **THIS COURT ORDERS** that during the Stay Period, no Person, other than the Agent, shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court. Without limiting the foregoing, no right, option, remedy, and/or exemption in favour of the Applicants shall be or shall be deemed to be negated, suspended, waived and/or terminated as a result of this Order.

## **CONTINUATION OF SERVICES**

20. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll and benefit services, insurance, transportation services, utility, customs clearing, warehouse and logistics services or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from failing to renew on commercially reasonable terms, discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

## **NON-DEROGATION OF RIGHTS**

21. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-

advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

#### **KEY EMPLOYEE RETENTION PLAN**

22. **THIS COURT ORDERS** that the Key Employee Retention Plan (“**KERP**”) as described in the Lawson Affidavit is hereby approved and the Applicants are authorized, in consultation with the Monitor, to make payments contemplated thereunder in accordance with the terms and conditions of the KERP.

23. **THIS COURT ORDERS** that the key employees referred to in the KERP (the “**Key Employees**”) shall be entitled to the benefit of and are hereby granted a charge on the Property, which shall not exceed an aggregate amount of USD \$150,000.00 (“**KERP Charge**”) to secure the amounts payable to the Key Employees under the KERP. The KERP Charge shall have the priority set out in paragraph 44 hereof.

#### **APPROVAL OF FINANCIAL ADVISOR AGREEMENT**

24. **THIS COURT ORDERS** that the ongoing engagement of KPMG Inc. and KPMG Corporate Finance (collectively, the “**Financial Advisor**”) as financial advisor to the Applicants under the terms under which they have operated to date is hereby ratified and approved and the Applicants are authorized and directed *nunc pro tunc* to make payments contemplated thereunder and in consultation with the Monitor and the approval of the Court.

#### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

25. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed and is sanctioned by this Court or is refused by the creditors of the Applicants or this Court, other than Proceedings by the Agent on not less than three (3) days’ notice.

## **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

26. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

27. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the “**Directors’ Charge**”) on the Property, which charge shall not exceed an aggregate amount of USD \$1,000,000, as security for the indemnity provided in paragraph 26 of this Order. The Directors’ Charge shall have the priority set out in paragraph 44 herein.

28. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants’ directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 26 of this Order.

## **APPOINTMENT OF MONITOR**

29. **THIS COURT ORDERS** that Deloitte is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

30. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements, and shall provide to the Agent and the DIP Lender a weekly variance analysis against the current cash flow forecasts filed with the Court and, in the event the Monitor becomes aware of a negative variance of greater than 15% in the Applicants' disbursements in any week, the Monitor shall promptly advise the Agent of any such variance;
- (b) liaise with the Applicants and the Assistants with respect to all matters relating to the Property, the Business, the Restructuring and such other matters as may be relevant to the proceedings herein;
- (c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Restructuring and such other matters as may be relevant to the proceedings herein;
- (d) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and the Agent, and their respective counsel and advisors, of financial and other information as agreed to between the Applicants, the Agent and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the Agent and the DIP Lender;
- (e) advise the Applicants in its preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, the DIP Term Sheet and by the Definitive Documents, which information shall be reviewed with the Monitor and the Agent, and delivered to the DIP Lender, its counsel and financial advisor on a periodic basis or as otherwise agreed to by the DIP Lender and the Agent;
- (f) participate in all correspondence and meetings between the Applicants and potential purchasers of the Property;
- (g) consult with the Agent in respect of potential purchases of the Property;
- (h) advise the Applicants in their development of the Plan and any amendments to the Plan;

- (i) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (j) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' Business and financial affairs or to perform its duties arising under this Order;
- (k) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (l) perform such other duties as are required by this Order or by this Court from time to time.

31. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

32. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of

any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

33. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

34. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

35. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicants, the Financial Advisor, counsel to the directors and officers (up to a maximum amount of CAD \$100,000 unless otherwise ordered by the Court), counsel to the Agent and the financial advisor to the Agent's counsel shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to or subsequent to the date of this Order, by the Applicants as part of the costs of these proceedings, and the Applicants are hereby authorized and directed to do so.

36. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

37. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicants, the Financial Advisor, counsel to the directors and officers, if any, counsel to the Agent and the financial advisor to the Agent's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not

exceed an aggregate amount of USD \$700,000, as security for their professional fees and disbursements incurred at the standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph 44 hereof.

## **DIP FINANCING**

38. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow as contemplated under the Term Sheet attached as Exhibit J to the Lawson Affidavit (the “**DIP Term Sheet**”) between NAFA and Waygar Capital Inc. (the “**DIP Lender**”) (as may be amended, restated, supplemented and/or modified, subject to approval of this Court in respect of any amendment the Monitor determines to be material) in order to finance the Applicants’ working capital requirements and other general corporate purposes and capital expenditures all in accordance with the DIP Term Sheet, provided that borrowings under the DIP Term Sheet shall not exceed USD \$5,000,000 unless permitted by further Order of this Court (the “**DIP Facility**”).

39. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet and the Definitive Documents (as defined below).

40. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver the DIP Term Sheet and such mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

41. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraph 44 hereof.

42. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge, the DIP Term Sheet or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, the DIP Lender may, subject to the provisions of the DIP Term Sheet with respect to the giving of notice or otherwise, and in accordance with the DIP Term Sheet, the Definitive Documents and the DIP Lender's Charge, as applicable, may cease making advances to the Applicants, make demand, accelerate payment and give other notices; provided that the DIP Lender must apply to this Court on seven (7) days' prior written notice to the Applicants and the Monitor to enforce against or exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Term Sheet, the Definitive Documents and the DIP Lender's Charge, including without limitation, to set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

43. **THIS COURT ORDERS AND DECLARES** that the DIP Lender, the Agent and the Lenders shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made or any other amounts owing under the DIP Term Sheet and the Definitive Documents, and in the case of the Agent and the Lenders, the Syndicate Debt.



## **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

44. **THIS COURT ORDERS** that the priorities of the KERP Charge, the Directors' Charge, the Administration Charge and the DIP Lender's Charge (collectively, the "**Charges**"), and the Syndicate Debt and the Syndicate Security, as among them, shall be as follows:

First – the DIP Lender's Charge to the maximum amount of USD \$5,000,000;

Second – the Administration Charge to the maximum amount of USD \$500,000;

Third – the KERP Charge, to the maximum amount of USD \$150,000;

Fourth – the Syndicate Debt and the Syndicate Security;

Fifth – the Administration Charge to the maximum amount of USD \$200,000; and

Sixth – the Directors' Charge to the maximum amount of USD \$1,000,000.

45. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall, subject to paragraph 44, rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

47. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges or the Syndicate Security, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender, the Agent and the other beneficiaries of the Charges, or further Order of this Court.

48. **THIS COURT ORDERS** that the Charges, the DIP Term Sheet, the Definitive Documents and the Syndicate Security shall not be rendered invalid or unenforceable and the

rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) thereunder and the Agent and the Lenders shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

49. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants’ interest in such real property leases.

#### **SERVICE AND NOTICE**

50. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) and La Presse a notice containing the information prescribed under

the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

51. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “Protocol”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website a) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ‘<http://www.insolvencies.deloitte.ca/en-ca/NAFA>’.

52. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants’ creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

53. **THIS COURT ORDERS** that the Applicants, the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and Orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants’ creditors or other interested parties and their advisors. For greater certainty, any such distributions or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within

the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

### **SEALING OF CONFIDENTIAL EXHIBITS AND APPENDIX**

54. **THIS COURT ORDERS** that Confidential Exhibits A, B1, B2, C, D, E and F to the Lawson Affidavit and Schedules 9.1(15)(v), 9.1(15)(vi) and 9.1(17) at each of Exhibit A and Exhibit G to the Lawson Affidavit and the Confidential Appendix 1 to the First Report shall be and are hereby sealed, kept confidential and shall not form part of the public record pending further Order of this Court.

### **GENERAL**

55. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

56. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

### **INTERNATIONAL RECOGNITION AND ENFORCEMENT**

57. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Europe (including but not limited to the Republic of Poland and the Netherlands) or elsewhere to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

58. **THIS COURT ORDERS** that, provided that the Agent is advised in advance, each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to

any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including but not limited to acting as the foreign representative of the Applicants to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1515, as amended, and to act as foreign representative in respect of any such proceedings and any ancillary relief in respect thereto, and to take such other steps as may be authorized by the Court.

59. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

60. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.



ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

NOV 08 2019

PER / PAR: 

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO (the "Applicants")

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**

Proceeding commenced at Toronto

**AMENDED AND RESTATED INITIAL ORDER**

**BLANEY MCMURTRY LLP**

Barristers & Solicitors  
2 Queen Street East, Suite 1500  
Toronto ON M5C 3G5

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Counsel for the Applicants

## Appendix “C”

## SETTLEMENT AGREEMENT

[date]

**Kęstutis Riřkus**, personal code 38812120894, address [redacted] (hereinafter – the **"Debtor"**),

and

**North American Fur Auctions Inc.**, corporation No. 215012-3, address 65 Skyway Avenue, Toronto, Ontario, Canada, M9W 6C7, represented by Doug Lawson, acting on the basis of the Articles of Association (hereinafter – **"NAFA"**);

and

**UAB "Norvũksa"**, legal code 300505023, address Źemaitės g. 96B, LT-76197 Źiauliai, Lithuania, represented by director Svajũnas Norvaiřa, acting on the basis of the Articles of Association (hereinafter – **"Norvũksa"**);

and

**UAB "MINXfarming"**, legal code 305047416, address Mokyklos g. 9, Aunuvėnai, LT-86369 Kelmės r., Lithuania, represented by director Tomas Riřkus, acting on the basis of the Articles of Association (hereinafter – **"MINXfarming"**);

Debtor, NAFA, Norvũksa and MINXfarming are hereinafter collectively referred to as the **"Parties"** and individually as the **"Party"**, this Settlement agreement is hereinafter referred to as the **"Agreement"**);

## TAIKOS SUTARTIS

[data]

**Kęstutis Riřkus**, asmens kodas 38812120894, adresas [redacted] (toliau – **(„Skolininkas“)**,

Ir

**North American Fur Auctions Inc.**, kodas 215012-3, adresas 65 Skyway Avenue, Toronto, Ontario, Kanada, M9W 6C7, atstovaujama Doug Lawson, veikiančio pagal įstatus (toliau – **"NAFA"**);

ir

**UAB "Norvũksa"**, kodas 300505023, adresas Źemaitės g. 96B, LT-76197 Źiauliai, Lietuva, atstovaujamo direktoriaus Svajũno Norvaiřos, veikiančio pagal įstatus (toliau – **"Norvũksa"**);

ir

**UAB "MINXfarming"**, kodas 305047416, adresas Mokyklos g. 9, Aunuvėnai, LT-86369 Kelmės r., Lietuva, atstovaujamas direktoriaus Tomo Riřkaus, veikiančio pagal įstatus (toliau – **"MINXfarming"**);

Ūkininkas, NAFA, Norvũksa and MINXfarming toliau kartu vadinami **„řalimis“**, o kiekvienas atskirai – **„řalimi“**, ři sutartis toliau dar vadinama **"Sutartimi"**);



## PREAMBLE

### WHEREAS:

- A. Klaipėda Regional Court by decision of 2020-11-16 in case No. e2-705-777/2020, awarded from the Debtor in favor of NAFA 11 978 597,78 EUR (eleven million nine hundred and seventy-eight thousand five hundred and ninety-seven euros, 78 ct.) and 8 percent procedural interest for the awarded amount of 11 949 845, 20 EUR from the day the case was brought to the court, i.e. 2020-01-24, until full enforcement of the judgment, and 28 752,58 Eur of litigation costs (hereinafter – the “**Debt**”);
- B. The Debtor seeks to return to mink farming business and repay the Debt to NAFA.
- C. The Debt is being executed by the bailiff in the executive cases No. 0136/20/01011, 0136/20/01012, 0136/20/01013, 0136/20/00472 (hereinafter – **Enforcement Proceedings**);
- D. Šiauliai Regional Court is hearing a case No. e2-126-569/2022 under NAFA's action against defendants Debtor and Norvūksa for contestation and restitution of mink fur transfer agreements (claim amount of EUR 1 736 040);
- E. Norvūksa and MINXfarming seek to support the Debtor in repaying NAFA's Debt and to provide NAFA additional Debt security

## PREAMBULĖ

### KADANGI:

- A. Klaipėdos apygardos teismas 2020-11-16 sprendimu civ. b. Nr. e2-705-777/2020, priteisė iš Skolininko NAFA naudai 11 978 597,78 Eur (vienuolika milijonų devyni šimtai septyniasdešimt aštuoni tūkstančiai penki šimtai devyniasdešimt septyni eurai, 78 ct.) Eur ir 8 procentų dydžio procesines palūkanas už priteistą 11 949 845,20 Eur sumą nuo bylos iškėlimo teisme dienos, t. y. 2020-01-24, iki teismo sprendimo visiško įvykdymo, ir 28 752,58 Eur bylinėjimosi išlaidų atlyginimą (toliau – „**Skola**“);
- B. Skolininkas siekia grįžti į audinių auginimo verslą ir grąžinti NAFAi Skolą.
- C. Skolininko Skola yra išieškoma antstolio vykdomosiose bylose Nr. 0136/20/01011, 0136/20/01012, 0136/20/01013, 0136/20/00472 (toliau – **Vykdomoji byla**);
- D. Šiaulių apygardos teisme yra nagrinėjama civ. b. Nr. e2-126-569/2022 pagal NAFA ieškinį atsakovams Skolininkui ir Norvūksai dėl audinių kailių perleidimo sandorių ginčijimo ir restitucijos taikymo (ieškinio suma 1 736 040 Eur);
- E. Norvūksa ir MINXfarming siekia padėti Skolininkui grąžinti NAFAi Skolą bei suteikti NAFAi papildomas Skolos grąžinimo užtikrinimo priemonės.

**THEREFORE**, the Parties have agreed to repay the Debt in installments on the terms and conditions set forth below.

## **1. SUBJECT OF THE AGREEMENT**

- 1.1. The Debtor undertakes to pay the Debt and [REDACTED] calculated further from the date of concluding the Agreement until full settlement in accordance with the procedure and terms provided in this Agreement.
- 1.2. Norvuxsa and MINXfarming undertake to provide the Debt repayment securities detailed in §3 of this Agreement and fully support the Debtor in Debt repayment.
- 1.3. NAFA will forbear from taking further steps to enforce or collect upon the Debt provided that the Debtor performs this agreement and provided that the Debtor will ensure that in each year of the settlement NAFA will retain, directly from the relevant auction/ sale house, [REDACTED] otherwise payable to the Debtor/ Norvuxsa/ MINXfarming or any other relevant person ([REDACTED]) in respect of each of his produced mink skin sold at the auctions/ sales held in each year. The Debtor also agrees that NAFA will be entitled to retain the surplus amount, if any, as stipulated in §2.4 of this Agreement. The Debtor shall ensure that the minimum sum received by NAFA each year shall correspond to at least the minimum amounts set out in §2.1., or the Debtor shall find other sources of funds to pay NAFA the minimum amounts set in §2.1. If the Debtor does not pay the minimum amount in any year, this

**TODĖL** Šalys susitarė dėl Skolos grąžinimo dalimis žemiau nurodytomis sąlygomis ir tvarka.

## **1. SUTARTIES DALYKAS**

- 1.1. Skolininkas įsipareigoja sumokėti Skolą [REDACTED], skaičiuojamas toliau nuo Sutarties sudarymo dienos iki visiško atsiskaitymo šioje Sutartyje numatyta tvarka ir terminais.
- 1.2. Norvūksa ir Minxfarming įsipareigoja suteikti Skolos grąžinimo užtikrinimo priemones, kurios detalizuotos šios Sutarties 3 p. bei visapusiškai padėti Skolininkui grąžinti Skolą.
- 1.3. NAFA susilaikys nuo tolesnių veiksmų skolai išieškoti, kol Skolininkas tinkamai vykdys šią Sutartį ir užtikrins, kad kiekvienais atsiskaitymo metais NAFA tiesiogiai iš atitinkamo aukciono/pardavimo namų gaus [REDACTED] mokėtinus Skolininkui/ Norvūksa/ MINXfarming ar bet kuriam kitam susijusiam asmeniui ([REDACTED]), už kiekvieną jo pagamintą audinės kailiuką, parduotą kiekvienais metais vykstančiuose aukcionuose /pardavimuose. Skolininkas taip pat sumokės NAFA Papildomą sumą, jei tokia susidarytų, kaip nurodyta šios Sutarties 2.4 p. Skolininkas turi užtikrinti, kad aukščiau nurodytų minimalių įplaukų, NAFA gautinų kasmet, suma būtų lygi bent minimalioms 2.1. p. nurodytoms sumoms, arba Skolininkas turi rasti kitų lėšų šaltinių sumokėti NAFA 2.1. p. nurodytas minimalias sumas. Skolininkui bet kuriais metais

agreement is in default, the entire amount of the Debt (except of amounts received to date) becomes due, and NAFA shall be entitled to demand payment under the Security measures.

nesumokėjus minimalios sumos, ši Sutartis bus laikoma esmingai pažeista, NAFA įgyja teisę toliau reikalauti visos Skolos sumos (atėmus iki šios dienos gautas sumas), NAFA taip pat įgyja teisę reikalauti sumokėti pagal Užtikrinimo priemones.

1.4. The conditions are set out in detail below.

1.4. Sutarties sąlygos detalios išdėstytos žemiau.

## 2. TERMS AND CONDITIONS OF DEBT RECOVERY

## 2. SKOLOS GRAŽINIMO TVARKA IR TERMINAI

2.1. The Parties agree that minimum yearly payments will be made in accordance with the following terms and conditions:

2.1. Šalys susitaria, kad minimalūs metiniai mokėjimai bus atliekami žemiau nurodytomis sąlygomis ir tvarka:

	<b>Mokėjimo termino pabaiga// Payment deadline</b>	<b>Minimal yearly installments// Minimali metinė mokėjimo suma, EUR</b>	<b>Yearly payment Discount// Išankstinio Skolos grąžinimo nuolaida</b>
2.1.1.	Sumokama į NAFA pasirinkto notaro depozitinę sąskaitą iki Sutarties pasirašymo ir išmokama NAFAI po to, kai ši Sutartis pasirašoma Šalių/ Shall be paid to the account of notary public of NAFA choice before the signing of the Agreement and shall be immediately released to NAFA upon signing of the Agreement by the Parties.		
2.1.2.	2023-09-30		-
2.1.3.	2024-09-30		
2.1.4.	2025-09-30		
2.1.5.	2026-09-30		

2.1.6.	2027-09-30		
2.1.7.	2028-09-30		
2.1.8.	2029-09-30		-

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| <p>2.2. The Parties agree that the amounts provided for in clause §2.1 of the Agreement are minimum annual payments. However, the Debtor undertakes to make maximum efforts and make larger payments, as stipulated in §2.3 of this Agreement.</p> <p>2.3. Starting from year 2023, the Debtor/ Norvūksa/ MINXfarming or any other related person shall submit all their pelts produced for sale in that year to an auction/sale house agreed to in advance with NAFA in writing, for the benefit and name of NAFA. The pelts will be assigned to NAFA's account. The pelts themselves shall be labeled with the auction house's labels reflecting that the pelts are "NAFA" pelts. All funds from the sales of pelts will be accumulated in the NAFA account.</p> <p>2.4. Upon receipt of funds from eligible pelt sales:</p> <p>2.4.1. NAFA shall immediately deduct and retain the amounts payable to NAFA, which shall be:</p> <p>2.4.2. If the average price of each of the pelt sold [REDACTED] shall be paid to NAFA;</p> <p>2.4.3. If the average price of each of the pelt sold [REDACTED] shall be paid to NAFA;</p> <p>2.4.4. If the average price of each of the pelt sold [REDACTED]</p> | <p>2.2. Šalys susitaria, kad Sutarties 2.1 punkte numatytos sumos yra minimalūs metiniai mokėjimai. Tačiau Skolininkas įsipareigoja dėti maksimalias pastangas ir atlikti didesnius mokėjimus, kaip numatyta šios Sutarties 2.3 p.</p> <p>2.3. Pradedant nuo 2023 m., Skolininkas/ Norvūksa/ MINXfarming ar bet kuris kitas susijęs asmuo pateiks į iš anksto su NAFA raštu suderintą aukcioną/ pardavimo namus visus atitinkamais metais išaugintų audinių pagamintus kailius, NAFA naudai ir NAFA vardu. Kailiukai turi būti priskirti NAFA sąskaitai ir pažymėti atitinkamo aukciono etiketėmis, nurodančiomis, kad kailiukai priklauso NAFA. Visos lėšos iš audinių kailiukų pardavimų bus įskaitomos į NAFA sąskaitą.</p> <p>2.4. Gavusi lėšas už atitinkamą audinių pardavimą:</p> <p>2.4.1. NAFA nedelsiant atskaitys ir išmokės NAFA naudai išmokėtinas sumas, kurios apskaičiuojamos taip:</p> <p>2.4.2. Jei už kiekvieną kailiuką gauta vidutinė [REDACTED] NAFA naudai išmokama visa ši suma;</p> <p>2.4.3. Jei už kiekvieną kailiuką gauta vidutinė [REDACTED] NAFA naudai yra išmokama [REDACTED]</p> <p>2.4.4. Jei už kiekvieną kailiuką gauta vidutinė [REDACTED]</p> |
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Debtor/ Skolininkas Kęstutis Riškus

UAB „Norvūksa“ direktorius/ director Svajūnas Norvaiša

North American Fur Auctions Inc., Doug Lawson

UAB „MINXfarming“ direktorius/ director Tomas Riškus

[REDACTED] shall be paid to NAFA.

[REDACTED], NAFA naudai yra išmokama [REDACTED]

2.4.5. No later than within 10 business days after the receipt of funds from SAGA or other auction house NAFA shall inform the Debtor about the received funds and their amount as well as deducted and already paid amounts to NAFA (§2.4.1);

2.4.5. Ne vėliau kaip per 10 d. d. po lėšų iš SAGA ar kito aukciono gavimo NAFA informuos Skolininką apie gautas lėšas ir jų sumą bei NAFA naudai nuskaičiuotas ir išmokėtas sumas (2.4.1 p.);

2.4.6. The Parties shall agree that for the purposes of the calculation of the average pelt price set forth in this clause of the Agreement the average sell price of the respective SAGA FURS (or other auction house) auction shall be calculated based on the arithmetic mean price of the pelts sold.

2.4.6. Šalys susitaria, kad skaičiuojant aukščiau šiame Sutarties punkte nurodytas vidutines sumas bus remiamasi atitinkamame SAGA FURS (ar kitų aukciono namų) aukcione Skolininko parduotų kailiukų vidutine kaina, apskaičiuota pagal visų parduotų kailiukų aritmetinį vidurkį.

2.5. In addition, as an incentive to resolve this matter sooner, NAFA is prepared to offer the following early payment **Discount** on the Debt. Hereafter, the Debt can be retired upon payment to NAFA of an amount equal to the remaining debt minus the Yearly payment discount stipulated in §2.1. To qualify for the applicable Discount, the payment must be made on or before 30<sup>th</sup> of September of the relevant year. For example, if [REDACTED] of the Debt remains on September 25, 2024, the Debtor can retire the entire Debt with a payment in the amount of [REDACTED] on or before September 30, 2024, that amount being the amount of the Debt [REDACTED]. The Discount for full debt repayment is valid for one year until 30<sup>th</sup> of next September. If NAFA

2.5. Be to, siekdama greičiau išspręsti šį klausimą, NAFA yra pasirengusi pasiūlyti išankstinio Skolos grąžinimo **Nuolaidą**. Skola gali būti panaikinta sumokėjus NAFA sumą, lygią likusiai Skolai, atėmus 2.1. p. nurodytą Išankstinio skolos grąžinimo nuolaidos procentą. Norint gauti taikomą Nuolaidą, mokėjimas turi būti atliktas atitinkamų einamųjų metų rugsėjo mėnesio 30 dieną arba anksčiau. Taigi, pavyzdžiui, jei 2024 m. rugsėjo 25 d. liko [REDACTED] skolos, Skolininkas gali panaikinti visą Skolą, sumokėdamas [REDACTED] sumą 2024 m. rugsėjo 30 d. arba anksčiau, ši suma yra skolos suma atėmus [REDACTED]. Atitinkama procentinė Nuolaida visam Skolos grąžinimui galioja vienerius metus iki kito rugsėjo 30 d.

receives any Debt recovery from additional recovery sources such as from entities in Hong Kong/ China (regarding unilateral Agreements signed on March 22, 2022 by the Debtor), insurance, compensations for banning mink cultivation business in Lithuania or European Union or any other Debt recovery except from pelt sale stipulated above (hereinafter – **“Additional Recovery Sources”**), those funds will reduce the Debt. For example, if in 2024 the Debt balance is 10,000,000 EUR and NAFA recovers 1,000,000 EUR from Additional Recovery Sources, the Debt drops to 9,000,000 EUR [REDACTED]

[REDACTED] However, if the Debt is repaid at any time for the discounted amount, and after that time NAFA recovers funds from an Additional Recovery Source, NAFA will be entitled to retain that amount, provided however that in no event will NAFA recover more than 100% of the Debt. The income from the Additional Recovery Source reduces the Debt, but not the discounted amount.

- 2.6. All payments to NAFA specified in this Agreement, other than payments derived from the sale of pelts at an auction house, shall be made to the NAFA Bank Account:

Bank: Canadian Imperial Bank of Commerce  
Bank Address: 6543 Airport Road, Mississauga, ON Canada  
Account No.: [REDACTED]  
Bank Code: [REDACTED]

Beneficiary Name:  
North American Fur Auctions Inc. Beneficiary  
Address: 65 Skyway Ave, Toronto, ON M9W6C7

- 2.7. The Parties agree that for the delay in payment of contributions under this

Jeif NAFA gauna Skolos dengimą iš papildomų Skolos dengimo šaltinių, tokių kaip iš Honkongo/ Kinijos įmonių (dėl 2022-03-22 Skolininko pasirašytų vienašalių sutarčių), draudimo, kompensacijų už audinių auginimo verslo uždraudimą Lietuvoje ar Europos Sąjungoje ar bet kokio kito Skolos padengimo šaltinio nei aukščiau nurodyto kailių pardavimo (toliau – **„Papildomi dengimo šaltiniai“**), šiomis lėšomis yra sumažinama Skola. Pavyzdžiui, jei 2024 m. Skolos likutis yra 10 000 000 EUR ir NAFA atgauna 1 000 000 EUR iš Papildomų dengimo šaltinių, Skola sumažėja iki 9 000 000 EUR [REDACTED]

[REDACTED] Tačiau jei Skola bet kuriuo metu gražinama už diskontuotą sumą ir po to NAFA atgaus lėšas iš Papildomo dengimo šaltinio, NAFA turės teisę pasilikti tą sumą, tačiau jokia būdu NAFA neatgaus daugiau nei 100 proc. Skolos. Pajamos iš Papildomų dengimo šaltinių mažina Skolos sumą, bet ne su Nuolaida išmokėtą sumą.

- 2.6. Visi šioje Sutartyje nurodyti mokėjimai, išskyrus mokėjimus iš kailių aukciono arba pardavimo namų, NAFAi turi būti atliekami į NAFA banko sąskaitą:

Bank: Canadian Imperial Bank of Commerce  
Bank Address: 6543 Airport Road, Mississauga, ON Canada  
Account No.: [REDACTED]  
Bank Code: [REDACTED]

Beneficiary Name:  
North American Fur Auctions Inc. Beneficiary  
Address: 65 Skyway Ave, Toronto, ON M9W6C7

- 2.7. Šalys susitaria, kad už delsimą mokėti įmokas pagal šią Sutartį,

Agreement, the Debtor

Skolininkas

2.8. If the Debtor fails to perform at least one of the provisions of this Agreement, including but not limited to payment contributed to payment contributions, stipulated in § 2.1 of this Agreement, NAFA immediately acquires the right to terminate this Agreement and continue the Executive case and initiate recovery (including, to apply to a court and obtain an enforcement order) from the Debtor and security measures set forth in §3 of this Agreement. Improper or untimely payment of any of the contributions shall constitute a material breach of this Agreement.

2.8. Skolininkui pradelsus atlikti bent vieną šios Sutarties – 2.1 p. nurodytą įmoką ar pažeidus bet kurią kitą Sutarties sąlygą, NAFA nedelsiant įgyja teisę nutraukti šią Sutartį, tęsti išieškojimą Vykdomojoje byloje ir inicijuoti priverstinį išieškojimą (įskaitant, kreiptis į teismą ir gauti vykdomąjį dokumentą) iš Skolininko ir užtikrinimo priemonių, nurodytų Sutarties 3 dalyje. Bet kurios iš įmokų netinkamas ar nesavalaikis sumokėjimas yra esminis šios Sutarties pažeidimas.

### 3. SECURITY MEASURES

### 3. SUTARTIES UŽTIKRINIMO PRIEMONĖS

3.1. MINXfarming and Norvuxsa shall warrant the Debtors' obligations to NAFA till the 31<sup>st</sup> of December 2024. In accordance with the procedure and terms established in the Agreement, MINXfarming and Norvuxsa shall each issue two notarial promissory notes of (four promissory notes in total). The payment date of the first two promissory notes shall be 31/12/2023, the amount is . The payment date of the second two promissory notes is 31/12/2024, the amount is . The promissory notes shall be returned to the issuers once their payment term expires if the Debtor duly performs the Agreement. Copies of the promissory notes shall be attached to this

3.1. MINXfarming ir Norvūksa laiduoja už **Skolininko įsipareigojimų NAFAi vykdymą iki 2024-12-31** Sutartyje nustatyta tvarka ir terminais.. MINXfarming ir Norvūksa **Skolininko įsipareigojimams** užtikrinti pateikia po du notarinius vekselius (keturis vekselius iš viso). Pirmųjų dviejų vekselių mokėjimo data – 2023-12-31, suma . Antrųjų dviejų vekselių mokėjimo data – 2024-12-31, suma . Vekseliai bus grąžinti jų davėjui po jų mokėjimo termino pabaigos, jei Skolininkas tinkamai vykdys savo įsipareigojimus pagal Sutartį. Vekselių kopijos pridedamos prie šios Sutarties (priedas Nr. 1), o originalai perduodami NAFAi. Jei dėl bet kokių

<p>Agreement (Annex No. 1) and the originals shall be transmitted to NAFA. Should the Debtor fail to execute its obligations to NAFA under the Agreement, NAFA shall be entitled to claim at its own discretion from MINXfarming and/or Norvukša, as well as exercise its rights under promissory notes.</p>	
<p>3.2. MINXfarming and Norvukša undertake not to demand payment from the Debtor for any debts incurred before this Agreement (if any) until the Debt is repaid in full. MINXfarming and Norvukša undertake not to demand payment from the Debtor for any debts incurred after this Agreement for the current year's goods or services until the Debtor has paid in full the relevant minimal current year's contribution to NAFA set forth in §2.1 of the Agreement. The Debtor undertakes not to purchase pelt processing services and feed from suppliers other than MINXfarming and Norvukša without the prior written consent of NAFA.</p>	<p>3.2. MINXfarming ir Norvūksa įsipareigoja nereikalauti iš Skolininko apmokėjimo už iki šios Sutarties sudarymo susidariusias skolas (jei tokių yra) iki kol Skola bus pilnai gražinta. MINXfarming ir Norvūksa įsipareigoja nereikalauti iš Skolininko apmokėjimo už po šios Sutarties sudarymo susidariusias skolas (jei tokių atsirastų), einamųjų metų prekes ar paslaugas iki kol Skolininkas pilnai nesumokės atitinkamų einamųjų metų minimalios įmokos NAFA, nustatytos Sutarties 2.1 p. Skolininkas įsipareigoja nepirkti kailių apdorojimo paslaugų bei pašarų iš kitų tiekėjų nei MINXfarming ir Norvūksa be rašytinio išankstinio NAFA sutikimo.</p>
<p>3.3. The Debtor/ Norvukša undertakes to pledge, in favor of NAFA, for the performance of this Agreement, minks and their products (pelts) and other stocks (goods, raw materials, semi-finished products, finished products) to a value of not less than the minimal payments due to NAFA of the ongoing year. The pledge agreement must be valid until the full fulfillment of this Agreement. Subsequent pledge of the same assets/ any stocks or goods is prohibited. The pledge agreement is attached as Annex No. 2 to this Agreement.</p>	<p>3.3. Skolininkas/ Norvukša įsipareigoja įkeisti NAFA naudai, šios Sutarties įvykdymo užtikrinimui, audines ir jų produkciją (kailiukus) bei kito pobūdžio prekių atsargas (prekes, žaliavas, pusgaminius, pagamintą produkciją) ne mažesnei nei tų metų minimalių įmokų NAFAi dydžio sumai. Įkeitimo sutartis turi galioti iki visiško šios Sutarties įvykdymo. Paskesnis to paties turto/ bet kokių prekių atsargų įkeitimas draudžiamas. Įkeitimo sutartis pridedama kaip priedas Nr. 2 prie šios Sutarties.</p>
<p>3.4. The Debtor undertakes to pledge the receivables to the balance of the</p>	<p>3.4. Skolininkas įsipareigoja įkeisti gautinas lėšas negražintos Skolos,</p>



<p>outstanding Debt, interest, penalties and other amounts payable under this Agreement, including, but not limited to, compensation receivable due to decisions of the Republic of Lithuania or European Union institutions prohibiting the mink growing business in Lithuania. The pledge agreement is attached as Annex No. 3 to this Agreement.</p>	<p>palūkanų, netesybų ir kitų pagal šią Sutartį mokėtinų sumų, likučio sumai, įskaitant, bet neapsiribojant, gautiną kompensaciją dėl Lietuvos Respublikos ar Europos Sąjungos institucijų sprendimų, kuriais audinių auginimo verslas Lietuvoje būtų uždraustas. Įkeitimo sutartis pridedama kaip priedas Nr. 3 prie šios Sutarties.</p>
<p>3.5. The Debtor undertakes to sell all the pelts produced during the term of this Agreement at SAGA FURS auction or any other relevant auction/ sale house, specified in writing by NAFA.</p>	<p>3.5. Skolininkas įsipareigoja visus šios Sutarties galiojimo metu pagamintus kailiukus realizuoti SAGA FURS aukcione ar bet kuriame kitame NAFA raštu nurodytame aukcione/ pardavimo namuose.</p>
<p>3.6. Security measures shall be implemented at the discretion and choice of NAFA (the order of implementation is not determined).</p>	<p>3.6. Užtikrinimo priemonės realizuojamos NAFA nuožiūra ir pasirinkimu (realizavimo eilė nėra nustatoma).</p>
<p><b>4. SETTLEMENT AGREEMENTS IN RELEVANT CASES AND INVESTIGATIONS</b></p>	<p><b>4. TAIKOS SUTARTYS SUSIJUSIOSE BYLOSE IR IKITEISMINIUOSE TYRIMUOSE</b></p>
<p>4.1. The Debtor and NAFA agree that the Bailiff's Enforcement Proceedings shall be suspended until the full performance or termination of this Agreement.</p>	<p>4.1. Skolininkas ir NAFA susitaria kad antstolio Vykdomoji byla yra sustabdoma iki visiško šios Sutarties įvykdymo arba nutraukimo.</p>
<p>4.2. This Agreement amicably settles the dispute in Šiauliai Regional Court case No. e2-126-569/2022 under NAFA's action against defendants Debtor and Norvūksa for contestation and restitution of mink fur transfer agreements ( [redacted] ) (hereinafter – the <b>"Litigation settlement agreement"</b>). The Litigation settlement agreement is</p>	<p>4.2. Šia Sutartimi kartu yra taikiai užbaigiama Šiaulių apygardos teisme nagrinėjama civ. b. Nr. e2-126-569/2022 pagal NAFA ieškinį atsakovams Skolininkui ir Norvūksai dėl audinių kailių perdavimo sandorių ginčijimo ( [redacted] ) (toliau – <b>Taikos sutartis byloje</b>). Taikos sutartis pridedama kaip priedas Nr. 4</p>

attached as Annex No. 4 to this Agreement.

4.3. This Agreement has no impact on the ongoing investigation on criminal offence. In case the Debtor or other Parties are found guilty for crime, related to the Agreement, it is considered as material breach of the Agreement and NAFA has a right to terminate the Agreement by unilateral notice given within 1 business day. This Agreement should not and does not have any effect to the ongoing investigation and does not mean that NAFA waives any claim or rights in the criminal proceedings.

4.4. The Parties agree that NAFA shall not exercise its right to terminate the Agreement in case the Debtor is sentenced under articles 206, 208, 222, 223 of the Criminal Code of the Republic of Lithuania.). NAFA shall be entitled to terminate the Agreement in case the criminal sentencing of the Debtor or any restrictions applicable in the ongoing criminal investigation precludes the Debtor from performing and/or meeting its obligations under the Agreement.

## **5. OTHER OBLIGATIONS OF THE PARTIES**

5.1. The Debtor/ Norvukša undertakes to submit to NAFA, on the last business day of each month, a detailed signed report on its activities (including, but not limited to, the amount, type and other identifying data of mink grown and pelted, write-offs, pelts produced, income received, costs incurred, other relevant information).

prie šios Sutarties.

4.3. Ši Sutartis neturi įtakos vykdomam ikiteisminiam tyrimui. Jei Skolininkas ar kita Šalis pripažįstama kalta padarius nusikaltimą, susijusį su Sutartimi, tai laikoma esminiu Sutarties pažeidimu ir NAFA turi teisę vienašališku įspėjimu per 1 darbo dieną nutraukti Sutartį. Šis susitarimas neturėtų ir neturi jokios įtakos vykstančiam ikiteisminiam tyrimui ir nereiškia, kad NAFA atsisako bet kokių pretenzijų ar teisių baudžiamajame procese.

4.4. Šalys susitaria, kad jei Skolininkas nuteisiamas pagal LR BK 206, 208, 222, 223 straipsnius, NAFA nesinaudos savo teise nutraukti šią Sutartį. NAFA turi teisę nutraukti šią Sutartį, jei Skolininko nuteisimas ir (ar) ikiteisminio tyrimo metu taikomi bet kokie kiti apribojimai jam trukdo vykdyti savo įsipareigojimus pagal šią Sutartį.

## **5. KITI ŠALIŲ ĮSIPAREIGOJIMAI**

5.1. Skolininkas/ Norvukša įsipareigoja kiekvieno mėnesio paskutinę darbo dieną pateikti NAFAi išsamią pasirašytą ataskaitą apie veiklą (įskaitant, bet neapsiribojant, auginamų bei nudirtų audinių kiekis, rūšis ir kiti identifikuojantys duomenys, nurašymai, pagaminti kailiukai, gautos pajamos, patirtos išlaidos, kita svarbi informacija).

- |   |   |
|---|---|
| <p>5.2. The Debtor/ Norvukša undertakes to comply with the requirements of the legal acts regulating his activities, to keep proper records and to provide data to the Animal Register (SE Agricultural Information and Rural Business Center).</p> <p>5.3. The Parties confirm that NAFA and its representatives have the right to visit and inspect the farms or any other places where the Debtor/ Norvukša conducts business at any time with 24 hours' notice.</p> <p>5.4. If mink cultivation business is banned in Lithuania by the Republic of Lithuania or the European Union institutions and any compensation is paid to the Debtor, such compensation, to the extent of outstanding Debt, interest, penalties and other amounts due under this Agreement, shall belong to NAFA and shall be paid directly into NAFA bank account and, if this is not objectively possible, immediately, but no later than in 3 working days upon receipt of compensation, shall be transferred to NAFA. The amount of compensation referred to in this paragraph shall be deducted from the amount of the Debt. The above provision does not mean that the Debtor is released from the remaining amount of the Debt. The Agreement shall be deemed to have been substantially breached since the entry into force of the relevant amendments to the legal acts in the Republic of Lithuania and shall be transferred for execution in the remaining part of the Debt.</p> | <p>5.2. Skolininkas/Norvukša įsipareigoja laikytis jo veiklą reglamentuojančių teisės aktų reikalavimų, tinkamai tvarkyti apskaitą bei teikti duomenis gyvūnų registrui (VĮ Žemės ūkio informacijos ir kaimo verslo centras).</p> <p>5.3. Šalys patvirtina, kad NAFA ir jos atstovai turi teisę bet kuriuo metu, įspėję prieš 24 val., aplankyti ir inspektuoti ūkius ar bet kurias kitas vietas, kuriose Skolininkas/Norvukša vysto verslą.</p> <p>5.4. Tuo atveju, jei Lietuvos Respublikos ar Europos Sąjungos institucijų sprendimų (atitinkamų teisės aktų pakeitimų įsigaliojimo Lietuvos Respublikoje) audinių auginimo verslas Lietuvoje būtų uždraustas ir Skolininkui būtų išmokamos bet kokios kompensacijos, šios kompensacijos, kiek jos neviršija negrąžintos Skolos, palūkanų, netesybų ir kitų pagal šią Sutartį mokėtinų sumų, likučio, priklausos NAFAi ir turi būti išmokamos tiesiai į NAFA banko sąskaitą, o jei tokios galimybės objektyviai nėra, nedelsiant, bet ne vėliau nei per 3 d. d. nuo kompensacijos gavimo, perduodamos NAFAi. Šiame punkte nurodytos kompensacijos suma išskaičiuojama iš Skolos sumos. Nurodyta nuostata nereiškia, kad Skolininkas yra atleidžiamas nuo likusios Skolos sumos. Sutartis laikoma iš esmės pažeista nuo atitinkamų teisės aktų pakeitimų įsigaliojimo Lietuvos Respublikoje ir perduodama vykdymui likusioje Skolos dalyje.</p> |
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## 6. APPROVALS AND WARRANTIES

- 6.1. It is clear to the parties that NAFA has made a claim against its insurer for business losses incurred because of the Debtor's outstanding Debt. The Parties understand that in the case of an insurance benefit in favor of NAFA, the insurer may seek to exercise its rights against the Debtor by subrogation. The Parties confirm that this Agreement does not limit the right of the insurer to direct the recovery to the Debtor by the right of subrogation. The Debtor further confirms that NAFA is entitled to retain any amount paid to it by the insurance company as an Additional Recovery Source.
- 6.2. Each Party declares and warrants that:
- 6.2.1. the person is legally acting, having all the powers and rights necessary to enter and perform this Agreement, as well as the obligations and responsibilities assumed under it, and to comply with the conditions set out therein;
- 6.2.2. all necessary steps have been taken to sign this Agreement properly and lawfully and to fulfill its obligations under it. This Agreement is valid and legally binding to the Party. In the event of non-compliance by either Party, the Agreement shall be enforced;
- 6.2.3. it is clearly aware of all the facts relating to the conclusion of the Agreement and / or which led to the conclusion of the Agreement, under the conditions set out in the Agreement;

## 6. PATVIRTINIMAI IR GARANTIJOS

- 6.1. Šalims yra aiškiai suprantama, kad NAFA pareiškė pretenziją savo draudikui dėl verslo nuostolių, kuriuos patyrė dėl Skolininko neapmokėtos Skolos. Šalys supranta, kad draudimo išmokos NAFA naudai atveju draudikas gali siekti įgyvendinti savo teises prieš Skolininką subrogacijos teise. Šalys patvirtina, kad ši Sutartis neriboja draudiko teisės nukreipti išieškojimą į Skolininką subrogacijos teise. Be to, Skolininkas patvirtina, kad NAFA turi teisę pasilikti bet kokią draudimo bendrovės jai sumokėtą sumą kaip Papildomą išieškojimo šaltinį.
- 6.2. Kiekviena Šalis pareiškia ir garantuoja, kad:
- 6.2.1. ji yra teisėtai veikiantis asmuo, turintis visus būtinus įgaliojimus ir teises sudaryti bei vykdyti šią Sutartį, taip pat pagal ją prisiimtus įsipareigojimus ir prievolės, laikytis joje nustatytų sąlygų;
- 6.2.2. buvo atlikti visi reikalingi veiksmai, būtini tinkamam ir teisėtam šios Sutarties pasirašymui bei įsipareigojimų pagal ją vykdymui. Ši Sutartis yra galiojanti bei teisiškai saistanti Šalis. Bet kuriai iš Šalių nesilaikant Sutarties, ji vykdoma priverstine tvarka;
- 6.2.3. jai yra aiškiai žinomi visi faktai, susiję su Sutarties sudarymu ir / ar nulėmę Sutarties sudarymą būtent tokiomis sąlygomis, kurios yra išdėstytos Sutartyje;

6.2.4. all the conditions necessary for the conclusion of the Agreement by each of the Parties have been agreed;

6.2.5. does not consider itself to be an economically weaker and / or more inexperienced Party.

## 7. VALIDITY OF THE CONTRACT

7.1. This Agreement shall enter into force upon the moment it is affirmed by Ontario Superior Court.

7.2. The Parties understand and fully agree this Agreement shall be approved by the respective court in Canada. If the Agreement is not approved by the court for any reason, the Agreement is immediately void. None of the Parties will claim compensation for losses or expenses as a result.

7.3. The Agreement shall not be valid in case the duly signed Annexes of the Agreement are not attached to the Agreement.

## 8. TERMINATION OF THE CONTRACT

8.1. Any breach of this Agreement performed by the Debtor, MINXfarming, Norvukša shall be deemed a material breach of the Agreement.

8.2. For the sake of clarity, the Parties confirm that in case of amendments to the legal acts prohibiting the mink growing business in the Republic of Lithuania, the Agreement shall be

6.2.4. yra susitarta dėl visų sąlygų, kurios buvo būtinos tam, kad Sutartis kiekvienos iš Šalių būtų laikoma sudaryta.

6.2.5. nelaiko savęs ekonomiškai silpnesne ir / ar labiau nepatyrusia Šalimi.

## 7. SUTARTIES ĮGALIOJIMAS

7.1. Ši Sutartis įsigalioja ją patvirtinus **Ontarijo aukštesniajam teismui.**

7.2. Šalys supranta ir visiškai sutinka, kad ši Sutartis turi būti patvirtinta atitinkamo Kanados teismo. Tuo atveju, jei Sutartis dėl kokių nors priežasčių bus nepatvirtinta teismo, Sutartis nedelsiant yra negaliojanti. Nė viena iš Šalių nereikalaus dėl to patirtų nuostolių ar išlaidų atlyginimo.

7.3. Sutartis taip pat bus laikoma neįsigaliojusia, jei prie jos nebus pridėti Sutartyje aptarti ir tinkamai pasirašyti Sutarties priedai.

## 8. SUTARTIES GALIOJIMAS IR NUTRAUKIMAS

8.1. Bet kuris Skolininko, MINXfarming, Norvukša atliktas šios Sutarties pažeidimas yra laikomas esminiu sutarties pažeidimu.

8.2. Siekiant aiškumo, Šalys patvirtina, kad tuo atveju, jei būtų priimti teisės aktų pakeitimai, draudžiantys audinių auginimo verslą Lietuvos Respublikoje, Sutartis laikoma iš

deemed to have been substantially breached since the entry into force of the respective legal amendments in the Republic of Lithuania. This is not considered as force majeure.	esmės pažeista nuo atitinkamų teisės aktų pakeitimų įsigaliojimo Lietuvos Respublikoje ir perduodama vykdymui likusioje Skolos dalyje. Tai nelaikoma force majeure situacija.
8.3. This Agreement may be terminated:	8.3. Ši Sutartis gali būti nutraukta:
8.3.1. by written agreement of all Parties;	8.3.1. Šalių rašytiniu susitarimu;
8.3.2. by unilateral Notice of NAFA to any other Party given with 5 (five) business days' notice;	8.3.2. Vienašališko NAFA įspėjimu kitai Šaliai, pateiktu prieš 5 (penkias) darbo dienas;
8.3.3. in other cases, stipulated in this Agreement.	8.3.3. Kitais šioje Sutartyje numatytais atvejais.
8.4. In the event of a breach or termination of this Agreement, the term Debt shall include not only the amount of the outstanding Debt, but also all interest, penalties, and other amounts payable under this Agreement.	8.4. Šios Sutarties pažeidimo ar nutraukimo atveju, Skolos sąvoką taip pat apima ne tik negrąžintos Skolos suma, bet ir visos pagal šią Sutartį priskaičiuotos palūkanos, netesybos, kitos mokėtinos sumos.
<b>9. EXPENSES</b>	<b>9. IŠLAIDOS</b>
9.1. Every Party shall bear its own costs in connection with the negotiation, signature, entry in to force and implementation of this Agreement, this Agreement and all other instruments referred to therein.	9.1. Kiekviena Šalis pati apmoka savo išlaidas, susijusias su derybomis dėl šios Sutarties, šios Sutarties ir visų kitų joje nurodytų dokumentų parengimu, pasirašymu, įsigaliojimu ir vykdymu.
9.2. Notarial and bailiffs' costs related to the performance of this Agreement shall be paid by the Debtor.	9.2. Su šios Sutarties pasirašymu ir vykdymu susijusias notarines ir antstolių išlaidas apmoka Skolininkas.
<b>10. APPLICABLE LAW AND DISPUTE SETTLEMENT</b>	<b>10. TAIKYTINA TEISĖ IR GINČŲ SPRENDIMAS</b>
10.1. Law of the Republic of Lithuania shall apply to this Agreement and the	10.1. Šiai Sutarčiai ir santykiams tarp Šalių pagal šią Sutartį taikoma Lietuvos

relations between the Parties under this Agreement other than with respect to the approval of this Agreement and the review of any services performed by the **Monitor** and other exceptions specified in the Agreement, which shall be governed by the Law of Ontario and the Laws of Canada applicable therein.

- 10.2. Any dispute arising out of or in connection with this Agreement, its breach, termination, or validity shall be heard in courts of the Republic of Lithuania, in Vilnius other than with respect to the approval of this Agreement and the review of any services performed by the Monitor and other exceptions specified in the Agreement, which shall be governed by the Law of Ontario and the Laws of Canada applicable therein.

## 11. CONFIDENTIALITY

- 11.1. All information related to this Agreement and / or its performance is confidential and may not be disclosed to third parties without the prior written consent of the other Party, except in cases where the information must be provided in cases prescribed by law.
- 11.2. Nothing in this Agreement shall prevent a Party from providing information (to the extent necessary) about the Agreement to its employees, consultants, courts, notaries, creditors, monitors, bailiffs, attorneys-at-law and other persons involved in the performance of the Agreement, provided that such information is kept confidential.

Respublikos teisė, išskyrus šios Sutarties patvirtinimą ir bet kokių Stebėtojo teikiamų paslaugų peržiūrą bei kitas Sutartyje numatytas išimtis, kurioms taikoma Ontarijo teisė ir joje taikomi Kanados įstatymai.

- 10.2. Kiekvienas ginčas, kylantis iš šios Sutarties ar su susijęs su šia Sutartimi, jos pažeidimu, nutraukimu ar galiojimu, nagrinėjamas Lietuvos Respublikos teismuose, Vilniaus mieste, išskyrus šios Sutarties patvirtinimą ir bet kokių Stebėtojo teikiamų paslaugų peržiūrą bei kitas Sutartyje numatytas išimtis, kurioms taikoma Ontarijo teisė ir joje taikomi Kanados įstatymai.

## 11. KONFIDENCIALUMAS

- 11.1. Visa su šia Sutartimi ir/ar jos vykdymu susijusi informacija yra konfidenciali, negali būti atskleista tretiesiems asmenims be išankstinio rašytinio kitos Šalies sutikimo, išskyrus tuos atvejus, kai informacija privalo būti pateikiama teisės aktų nustatytais atvejais.
- 11.2. Jokia šios Sutarties nuostata nekliaudo Šaliai teikti informacijos (reikiama apimtimi) apie Sutartį savo darbuotojams, konsultantams, teismams, notarams, kreditoriams, stebėtojams, antstoliams, advokatams ir kitiems su Sutarties vykdymu susijusiems asmenims, su sąlyga, kad užtikrinamas tokios informacijos konfidencialumas.

## 12. LANGUAGE AND COPIES

12.1. This Agreement is written and understood in Lithuanian and English. In case of discrepancies between the Lithuanian and English versions of the Agreement, English version shall prevail.

12.2. The Parties expressly agree that this Agreement and any addendum may be signed and exchanged via email or other electronic means. Such mode of execution shall be deemed enforceable and binding upon the Party issuing it and the Agreement as signed shall be deemed an original.

## 13. MISCELLANEOUS

13.1. Documents and notices are considered delivered to the other Party on the next business day from the date of dispatch if they are sent to the emails listed below. In the event of a change in the contacts indicated below, the Party must inform the other Party no later than within 3 business days:

NAFA: Doug Lawson [dlawson@nafa.ca](mailto:dlawson@nafa.ca);  
David Ullmann [dullmann@blaney.com](mailto:dullmann@blaney.com)  
Kyla Mahar [kmahar@millerthomson.com](mailto:kmahar@millerthomson.com)

The Debtor: [-]  
Norvukša: [-]  
MINXfarming: [-]

13.2. Neither Party shall assign or transfer any or all its rights and obligations under this Agreement to any third party or persons without the written consent of the other Party. This Agreement would also be binding on the successors in title of the Parties.

## 12. KALBA IR EGZEMPLIORIAI

12.1. Ši Sutartis sudaryta ir suprantama lietuvių ir anglų kalba. Jei yra neatitikimų tarp Sutarties teksto lietuvių ir anglų kalbomis, pirmenybė taikoma tekstui anglų kalba.

12.2. Šalys aiškiai susitaria, kad ši Sutartis ir bet koks jos priedas gali būti pasirašytas ir jais keičiamasi el. paštu ar kitomis elektroninėmis priemonėmis. Toks pasirašymo būdas laikomas vykdytinu ir privalomu jį išdavusiai Šaliai, o pasirašyta Sutartis laikoma originalia.

## 13. KITOS NUOSTATOS

13.1. Dokumentai ir pranešimai laikomi tinkamai įteiktais kitai šaliai kitą darbo dieną nuo išsiuntimo dienos jei yra išsiųsti žemiau nurodytais el. pašto adresais. Pasikeitus žemiau nurodytiems kontaktams, Šalis turi informuoti kitas Šalis ne vėliau nei per 3 darbo dienas:

NAFA: Doug Lawson [dlawson@nafa.ca](mailto:dlawson@nafa.ca);  
David Ullmann [dullmann@blaney.com](mailto:dullmann@blaney.com)  
Kyla Mahar [kmahar@millerthomson.com](mailto:kmahar@millerthomson.com)

Skolininkas: [-]  
Norvukša: [-]  
MINXfarming: [-]

13.2. Nė viena iš Šalių neturi teisės perleisti ar perduoti visų ar dalies teisių ir įsipareigojimų, kylančių iš šios Sutarties, trečiajam asmeniui ar asmenims be kitos Šalies rašytinio sutikimo. Šis Susitarimas būtų privalomas ir Šalių teisių perėmėjams.



13.3. Any annexes, amendments, and additions to this Agreement (including amendments and additions to this clause) shall be valid only if they are made in a written document signed by all Parties.

13.4. If any provision of this Agreement is held to be illegal, invalid, or unenforceable by a court or tribunal, the remaining provisions of this Agreement shall remain in full force and effect. Any provision of this Agreement that is held to be illegal, invalid, or unenforceable in whole or in part shall remain in full force and effect to the extent that it has not been declared unlawful, invalid, or unenforceable. The Parties shall replace such illegal, invalid, or unenforceable provisions of this Agreement with such legal, valid, and enforceable provisions as are as close as possible to the intentions of the Parties existing at the time of the conclusion of this Agreement. The Parties shall use their best endeavors to ensure the implementation of all the provisions of this Agreement.

13.5. This Agreement is a negotiated document drawn up jointly by all the Parties. This Agreement supersedes all prior agreements or understandings between the Parties with respect to the subject matter hereof and is the sole and exclusive endorsement by the Parties of the terms of this Agreement. This paragraph is without prejudice to the right to apply liability for fraud by the other Party.

13.6. Each Party undertakes not to enter into any agreement which would be

13.3. Bet kokie šios Sutarties priedai, pakeitimai ir papildymai (įskaitant šio punkto pakeitimą ir papildymą) galioja tik tuo atveju, jei jie yra įforminami rašytiniu dokumentu, kurį pasirašo visos Šalys.

13.4. Jei kuri nors šios Sutarties nuostata yra teismo arba arbitražo pripažįstama neteisėta, negaliojančia arba neįgyvendinama, kitos šios Sutarties nuostatos lieka galioti ir veikti visa apimtimi. Bet kuri šios Sutarties nuostata, pripažinta neteisėta, negaliojančia ar neįgyvendinama tik iš dalies ar tam tikra apimtimi, liks galioti ta apimtimi, kuria ji nebuvo pripažinta neteisėta, negaliojančia ar neįgyvendinama. Šalys pakeis tokias neteisėtas, negaliojančias ar neįgyvendinamas šios Sutarties nuostatas teisėtomis, galiojančiomis ir įgyvendinamomis nuostatomis, kurios pagal reikšmę būtų kiek galima artimesnės Šalių ketinimams, egzistavusiems šios Sutarties sudarymo metu. Šalys dės visas įmanomas pastangas, kad užtikrintų visų šios Sutarties nuostatų įgyvendinimą.

13.5. Ši Sutartis yra dokumentas, dėl kurio derėjosi ir kurį kartu parengė visos Šalys. Ši Sutartis pakeičia visas ankstesnes Šalių sutartis ar susitarimus dėl Sutarties objekto ir yra visiškas bei vienintelis Šalių patvirtinimas dėl Sutarties sąlygų (Sutarties objekto). Šis punktas neapriboja teisės taikyti atsakomybės dėl kitos Šalies apgaulės.

13.6. Kiekviena Šalis įsipareigoja nesudaryti jokių susitarimų, kurie būtų

inconsistent with its obligations under this Agreement.

nesuderinami su Šalies įsipareigojimais pagal šią Sutartį.

#### 14. ANNEXES

14.1. The Annexes to this Agreement form an integral part of this Agreement. The following annexes are attached to the Agreement:

**Annex 1** – Promissory notes (original);  
**Annex 2** – Pledge agreement sutartis (guarantor – Norvūksa);  
**Annex 3** – Pledge agreement sutartis (guarantor – the Debtor);  
**Annex 4** – Litigation settlement agreement

#### SIGNATURES:

In witness whereof the undersigned, being duly authorized thereto, have entered into this Agreement:

#### 14. PRIEDAI

14.1. Šios Sutarties priedai yra neatskiriama šios Sutarties dalis. Prie Sutarties pridedami žemiau nurodyti priedai:

**Priedas Nr. 1** – Vekselių originalai;  
**Priedas Nr. 2** – Įkeitimo sutartis (įkaito davėjas Norvūksa);  
**Priedas Nr. 3** – Įkeitimo sutartis (įkaito davėjas Skolininkas);  
**Priedas Nr. 4** – Taikos sutartis byloje

#### ŠALIŲ PARAŠAI:

Patvirtindamos tai, kas išdėstyta aukščiau, Šalys sudarė šią Sutartį:

Doug Lawson on behalf of North American Fur Auctions Inc./ North American Fur Auctions Inc./ vardu

Kęstutis Riškus

Tomas Riškus on behalf of Minxfarming/ Minxfarming vardu

Svajūnas Norvaiša on behalf of Norvūksa/ Norvūksa vardu

## Appendix “D”

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,  
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH  
AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,  
NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR  
AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA  
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z  
OO and NAFA POLSKA SP. Z OO

(the “**Applicants**”)

**AFFIDAVIT OF JORDEN SLEETH**  
**(Sworn January 17, 2023)**

I, **Jorden Sleeth**, of the Town of Oakville, in the Province of Ontario, **MAKE OATH AND**  
**SAY:**

1. I am a Senior Vice-President with Deloitte Restructuring Inc. (“**Deloitte**”) in its capacity as Court-appointed Monitor of North American Fur Producers Inc., NAFA Properties Inc., 3306319 Nova Scotia Limited, North American Fur Auctions Inc., NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, North American Fur Auctions (US) Inc., NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-Operatief Ua, NAFA Europe B.V., Daikoku Sp.Z Oo and NAFA Polska Sp. Z Oo (the “**Applicants**”) and as such, have knowledge of the matters to hereinafter deposed to.

2. Attached hereto as Exhibit “A” is a schedule summarizing each invoice attached hereto in Confidential Exhibit “B”, the total billable hours charged per invoice, the total fees charged per invoice and the average hourly rate charged per invoice.
3. Confidential Appendix 3, filed with the Court separately, is a true copy of the invoices issued by Deloitte for fees and disbursements incurred during the CCAA Proceedings between January 1, 2022 and December 31, 2022. The total fees charged by Deloitte during that period were \$480,038, plus disbursements of \$600, administration fees of \$0, plus Harmonized Sales Tax (“HST”) in the amount of \$62,483 for a total of \$543,120. NAFA is seeking a sealing order in respect of Confidential Exhibit “B” as the detailed invoices contain confidential information which, if disclosed, may impact future recoveries in these CCAA Proceedings.
4. Attached hereto as Exhibit “C” is a schedule summarizing the respective billing rates of each of the representatives at Deloitte who acted during the proceedings.
5. To the best of my knowledge, the rates charged by Deloitte throughout the course of this proceeding are comparable to those charged by other firms in Toronto for the provision of similar services.
6. The hourly billing rates outlined in Exhibit “C” to this affidavit are comparable to the hourly rates charged by Deloitte for services rendered in similar proceedings.

7. I make the affidavit in support of a motion by the Applicants for, among other things, approval of the fees and disbursements of the Monitor and its counsel.

**SWORN BEFORE ME** via video-conference

This 17<sup>th</sup> day of January, 2023.



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A Commissioner for taking Affidavits (*or as may be*)



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JORDEN SLEETH

**Note:** This affidavit was commissioned via simultaneous video-conference in accordance with the *Commissioners for taking Affidavits Act*, R.S.O. 1990, CHAPTER C.17, and the Law Society of Ontario: COVID-19 Response Statement interpretation of that Act, under which (i) the identity of the deponent was confirmed from government issued identification, (ii) the commissioner administered the oath or affirmation, (iii) the deponent affixed their electronic signature to the affidavit and transmitted the full electronic affidavit, as sworn or affirmed, including exhibits to the commissioner, (iv) the deponent confirmed their electronic signature to the commissioner, (v) the commissioner affixed their electronic signature to the affidavit including exhibits.

This is Exhibit "A" referred to in the Affidavit of Jorden  
Sleeth sworn January 17, 2023

A handwritten signature in blue ink, consisting of a large, stylized 'C' or 'S' shape followed by a horizontal line.

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*Commissioner for Taking Affidavits (or as may be)*

**Exhibit "A"**

**In the matter of the CCAA restructuring of North American Fur Auctions Inc. et al.  
Summary of the fees of Deloitte Restructuring Inc., in its capacity as CCAA Monitor  
For the period January 1, 2022 to December 31, 2022**

Monitor Fees									
Invoice #	Period		Hours	Fees	Average Rate/Hr	Disbursements	Subtotal	HST	Total
	Start	End							
8002488425	1-Jan-22	31-Jan-22	180.8	\$ 77,713	\$ 430	\$ -	\$ 77,713	\$ 10,103	\$ 87,815
8002521421	1-Feb-22	28-Feb-22	57.4	\$ 24,888	\$ 434	\$ 38	\$ 24,926	\$ 3,240	\$ 28,166
8002552725	1-Mar-22	31-Mar-22	52.2	\$ 23,785	\$ 456	\$ 10	\$ 23,795	\$ 3,093	\$ 26,888
8002640547	1-Apr-22	30-Apr-22	119.1	\$ 58,775	\$ 493	\$ 13	\$ 58,788	\$ 7,643	\$ 66,431
8002715043	1-May-22	31-May-22	94.8	\$ 46,388	\$ 489	\$ -	\$ 46,388	\$ 6,030	\$ 52,418
8002738865	1-Jun-22	30-Jun-22	61.0	\$ 25,140	\$ 412	\$ 14	\$ 25,154	\$ 3,270	\$ 28,424
8002813633	1-Jul-22	31-Jul-22	126.0	\$ 54,953	\$ 436	\$ 20	\$ 54,972	\$ 7,146	\$ 62,119
8002962619	1-Aug-22	31-Aug-22	23.5	\$ 11,085	\$ 472	\$ 36	\$ 11,121	\$ 1,446	\$ 12,567
8002960799	1-Sep-22	30-Sep-22	69.1	\$ 33,920	\$ 491	\$ -	\$ 33,920	\$ 4,410	\$ 38,330
8003187587	1-Oct-22	31-Oct-22	43.0	\$ 21,758	\$ 506	\$ 197	\$ 21,954	\$ 2,854	\$ 24,808
8003187585	1-Nov-22	30-Nov-22	65.5	\$ 30,775	\$ 470	\$ 272	\$ 31,047	\$ 4,036	\$ 35,083
8003230305	1-Dec-22	31-Dec-22	13.7	\$ 5,590	\$ 408	\$ -	\$ 5,590	\$ 727	\$ 6,317
<b>Total</b>			<b>906.1</b>	<b>\$ 414,768</b>	<b>\$ 458</b>	<b>\$ 600</b>	<b>\$ 415,368</b>	<b>\$ 53,998</b>	<b>\$ 469,365</b>

Real Estate Fees									
Invoice #	Period		Hours	Fees	Average Rate/Hr	Disbursements	Subtotal	HST	Total
	Start	End							
8002715043	1-May-22	31-May-22	13.2	\$ 9,345	\$ 708	\$ -	\$ 9,345	\$ 1,215	\$ 10,560
8002738865	1-Jun-22	30-Jun-22	30.3	\$ 21,510	\$ 710	\$ -	\$ 21,510	\$ 2,796	\$ 24,306
8002813633	1-Jul-22	31-Jul-22	13.3	\$ 9,750	\$ 733	\$ -	\$ 9,750	\$ 1,268	\$ 11,018
8002962619	1-Aug-22	31-Aug-22	24.4	\$ 9,320	\$ 382	\$ -	\$ 9,320	\$ 1,212	\$ 10,532
8002960799	1-Sep-22	30-Sep-22	6.4	\$ 4,800	\$ 750	\$ -	\$ 4,800	\$ 624	\$ 5,424
8003187587	1-Oct-22	31-Oct-22	4.6	\$ 3,450	\$ 750	\$ -	\$ 3,450	\$ 449	\$ 3,899
8003187585	1-Nov-22	30-Nov-22	9.7	\$ 6,645	\$ 685	\$ -	\$ 6,645	\$ 864	\$ 7,509
8003230305	1-Dec-22	31-Dec-22	0.6	\$ 450	\$ 750	\$ -	\$ 450	\$ 59	\$ 509
<b>Total</b>			<b>102.5</b>	<b>\$ 65,270</b>	<b>\$ 637</b>	<b>\$ -</b>	<b>\$ 65,270</b>	<b>\$ 8,485</b>	<b>\$ 73,755</b>

Combined									
Period			Hours	Fees	Average Rate/Hr	Disbursements	Subtotal	HST	Total
January 1, 2022 to Dec 31, 2022			1,008.6	\$ 480,038	\$ 476	\$ 600	\$ 480,638	\$ 62,483	\$ 543,120
<b>Total</b>			<b>1,008.6</b>	<b>\$ 480,038</b>	<b>\$ 476</b>	<b>\$ 600</b>	<b>\$ 480,638</b>	<b>\$ 62,483</b>	<b>\$ 543,120</b>



**THIS IS CONFIDENTIAL APPENDIX 3 FILED  
SEPARATELY AND SUBJECT TO SEALING ORDER**

This is Exhibit “C” referred to in the Affidavit of Jorden  
Sleeth sworn January 17, 2023

A handwritten signature in blue ink, consisting of a large, stylized 'C' followed by a horizontal line.

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*Commissioner for Taking Affidavits (or as may be)*

## Exhibit "C"

**In the matter of the CCAA restructuring of North American Fur Auctions Inc. et al.**  
**Billing rates**  
**As at December 31, 2022**

Monitor Fees			
Name	Level	Rate	Period
Jorden Sleeth	Partner	\$ 750	January 1, 2022 - December 31, 2022
Todd Ambachtsheer	Partner	\$ 600	April 1, 2022 - December 31, 2022
Todd Ambachtsheer <sup>(1)</sup>	Partner	\$ 750	March 1, 2022 - March 31, 2022
Todd Ambachtsheer	Partner	\$ 600	January 1, 2022 - February 28, 2022
Kurt Macleod	Senior Manager	\$ 600	November 1, 2022 - November 30, 2022
Rose Brown	Manager	\$ 400	January 1, 2022 - December 31, 2022
Mu-Shan Martin Lin	Manager	\$ 400	September 1, 2022 - December 31, 2022
Mu-Shan Martin Lin	Senior Associate	\$ 250	April 1, 2022 - August 31, 2022
Nicolette Tsianos	Senior Associate	\$ 250	January 1, 2022 - April 30, 2022
Todd Dew	Senior Associate	\$ 250	January 1, 2022 - December 31, 2022
Laura Conorton	Consultant	\$ 175	January 1, 2022 - December 31, 2022
Ramona Florea	Analyst	\$ 150	December 1, 2020 - December 1, 2021

<sup>(1)</sup> Rate correction credit issued on invoice 8002640548 to correct rate error

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS  
AMENDED

Court File No.: CV-19-00630241-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR  
PRODUCERS INC., NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR  
AUCTIONS INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH  
AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF  
UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE -**  
**COMMERCIAL LIST**

Proceeding commenced at Toronto

**AFFIDAVIT OF JORDEN SLEETH**  
**(Sworn January 17, 2023)**

**MILLER THOMSON LLP**  
Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1011  
Toronto, ON Canada M5H 3S1

**Kyla Mahar LSO#: 44182G**  
kmahar@millerthomson.com  
Tel: 416.597.4303  
Fax: 416.595.8695

Lawyers for Deloitte Restructuring Inc, Monitor  
of the Applicants.

## Appendix “E”

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,  
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH  
AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,  
NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR  
AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA  
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z  
OO and NAFA POLSKA SP. Z OO

(the “**Applicants**”)

**AFFIDAVIT OF GINA RHODES**

(Sworn January 17, 2023)

I, Gina Rhodes, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND**

**SAY:**

1. I am an associate with Miller Thomson LLP (“**MT**”), in its capacity as counsel for the Court-appointed Monitor, Deloitte Restructuring Inc. (the “**Monitor**”), of North American Fur Producers Inc., NAFA Properties Inc., 3306319 Nova Scotia Limited, North American Fur Auctions Inc., NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, North American Fur Auctions (US) Inc., NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-Operatief Ua, NAFA Europe B.V., Daikoku Sp.Z Oo and NAFA Polska Sp. Z Oo (the “**Applicants**”) and as such, have knowledge of the matters to hereinafter deposed to.
2. Attached hereto as **Exhibit “A”** is a schedule summarizing each invoice in Exhibit “B”, the

total billable hours charged per invoice, the total fees charged per invoice and the average hourly rate charged per invoice.

3. **Confidential Appendix 4**, filed with the Court separately is a true copy of the invoices issued by MT to the Monitor for fees and disbursements incurred in the course of the CCAA Proceedings between January 1, 2022 and December 31, 2022. The total fees charged by MT during that period are \$307,738.00 plus disbursements in the amount of \$15.60, plus Harmonized Sales Tax (HST) in the amount of \$40,006.93 for a total of \$347,760.53. NAFA is seeking a sealing order in respect of Confidential Exhibit “B” as the detailed invoices contain confidential information which, if disclosed, may impact future recoveries in these CCAA Proceedings.
4. Attached hereto as **Exhibit “C”** is a schedule summarizing the respective years of call and billing rates of each of the lawyers at MT who acted for the Monitor.
5. To the best of my knowledge, the rates charged by MT throughout the course of these proceedings are comparable to those charged by other firms in Toronto for the provision of similar services.
6. The hourly billing rates outlined in Exhibit “C” to this affidavit are comparable to the hourly rates charged by MT for services rendered in similar proceedings.
7. I make the affidavit in support of a motion by the Applicants for, among other things, approval of the fees and disbursements of the Monitor and its counsel.

**SWORN BEFORE ME** in the city of Toronto, in the  
Province of Ontario this 17<sup>th</sup> day of January, 2023.



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ALINA STOICA

A Commissioner for taking Affidavits *(or as may be)*

**Province of Ontario, for Major Highways,  
Baristers and Solicitors.  
Expires September 1, 2025.**



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GINA RHODES



This is Exhibit "A" referred to in the Affidavit of  
Gina Rhodes, sworn January 17, 2023



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*Commissioner for Taking Affidavits (or as may be)*

**Alina Stolca, a Commissioner, etc.,  
Province of Ontario, for Miller Thomson LLP,  
Barristers and Solicitors.  
Expires September 1, 2025.**

## EXHIBIT "A"

### SUMMARY OF FEES

FOR THE PERIOD OF JANUARY 1, 2022 TO DECEMBER 31, 2022

Fees							
	Invoice No.	Fees	Disbursements	HST	Hours	Average Hourly Rate	Total
01/31/2022	3722456	\$39,418.00	\$15.60	\$5,125.33	53.80	\$828.23	\$44,558.93
02/28/2022	3742597	\$17,160.00	-	\$2,230.80	21.80	\$889.49	\$19,390.80
03/31/2022	3753308	\$23,144.00	-	\$3,008.72	29.00	\$901.82	\$26,152.72
04/30/2022	3753655	\$41,288.00	-	\$5,367.44	56.30	\$828.69	\$46,655.44
05/31/2022	3764296	\$35,760.00	-	\$4,648.80	44.70	\$904.00	\$40,408.80
06/30/2022	3772755	\$35,840.00	-	\$4,659.20	44.80	\$904.00	\$40,499.20
07/31/2022	3783781	\$52,996.00	-	\$6,889.48	68.00	\$880.67	\$59,885.48
08/31/2022	3806038	\$17,920.00	-	\$2,329.60	22.40	\$904.00	\$20,249.60
09/30/2022	3806061	\$21,840.00	-	\$2,839.20	27.30	\$904.00	\$24,679.20
10/31/2022	3827373	\$7,520.00	-	\$977.60	9.40	\$904.00	\$8,497.60
11/30/2022	3827556	\$11,972.00	-	\$1,556.36	15.10	\$895.92	\$13,528.36
12/31/2022	3830512	\$2,880.00	-	\$374.40	3.60	\$904.00	\$3,254.40
<b>TOTAL</b>		<b>\$307,738.00</b>	<b>\$15.60</b>	<b>\$40,006.93</b>	<b>396.2</b>	<b>-</b>	<b>\$347,760.53</b>

**THIS IS CONFIDENTIAL APPENDIX 4 FILED  
SEPARATELY AND SUBJECT TO SEALING ORDER**

This is Exhibit "C" referred to in the Affidavit of  
Gina Rhodes, sworn January 17, 2023



---

*Commissioner for Taking Affidavits (or as may be)*

Alina Stoica, a Commissioner, etc.,  
Province of Ontario, for Miller Thomson LLP,  
Barristers and Solicitors.  
Expires September 1, 2023.

## **EXHIBIT “C”**

### **BILLING RATES OF DELOITTE RESTRUCTURING INC.**

**FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2022**

<b>TIMEKEEPER</b>	<b>HOURLY RATE</b>	<b>YEAR OF CALL</b>
Kyla Mahar	\$800.00	2001
Alina Stoica	\$240.00	Paraprofessional

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS  
AMENDED

Court File No.: CV-19-00630241-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR  
PRODUCERS INC., NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR  
AUCTIONS INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH  
AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF  
UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE -**  
**COMMERCIAL LIST**

Proceeding commenced at Toronto

**AFFIDAVIT OF GINA RHODES**  
**(Sworn January 17, 2023)**

**MILLER THOMSON LLP**  
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Lawyers for Deloitte Restructuring Inc, Monitor  
of the Applicants.